

## PHASE 1: COMPETITIVE SNAPSHOT

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## PROJECT OVERVIEW

Given the competitive realities and uncertainty of today's economic environment, the City of Kansas City, Missouri has hired Market Street Services to facilitate the development of a five-year holistic economic strategy for the city's future that enhances, aligns, and unifies the city's efforts with those underway at the Kansas City Area Development Council (KCADC), the Greater Kansas City Chamber of Commerce and its Big 5 initiative, the Downtown Council of Kansas City, the Civic Council of Greater Kansas City, and other partner organizations.

The AdvanceKC Economic Development Strategic Plan will synthesize existing efforts; provide recommendations for future programs and public policy; and establish appropriate guidelines for decisions about capital investments, job creation, economic sustainability, and local partnerships. The AdvanceKC process occurs in three phases:

**Phase 1- Competitive Snapshot:** The Competitive Snapshot takes a detailed look at a diverse array of indicators that impact Kansas City's economic competitiveness and compares these trends to three benchmark cities (Indianapolis, Oklahoma City, and Charlotte), the state of Missouri, and the nation. To supplement the statistical data from local, state, and national agencies, the Competitive Snapshot also includes public input obtained through focus groups, interviews, and an online community survey to give local context and better inform the AdvanceKC Economic Development Strategic Plan.

**Phase 2- AdvanceKC Economic Development Strategic Plan:** The AdvanceKC strategy represents the culmination of all the quantitative and qualitative research to date through the development of detailed action items geared towards addressing challenges and capitalizing on opportunities for a visionary future. The Strategic Plan will be driven by community stakeholders guiding public, private, and civic efforts and investment aimed at placing Kansas City's economy on surer footing. The plan will be supported by innovative best practices successfully implemented by communities from around the country. Where possible, the Strategic Plan will incorporate the numerous planning and research efforts already underway in Kansas City.

**Phase 3- Implementation Guidelines:** A plan, no matter how visionary, is only valuable when it is implemented. The Implementation Guidelines represents a road map for city officials and its implementation partners to ensure that the AdvanceKC plan is realized in a timely and effective manner. The Implementation Guidelines will enable the City of Kansas City to secure early implementation victories and continue to build momentum towards effectuating positive change in the city.

# EXECUTIVE SUMMARY

The City of Kansas City is the anchor of a large, dynamic, and growing region that is one of the Midwest's most competitive locations for jobs and investment. Focused, city-led efforts have resulted in billions of dollars in new investment in Downtown Kansas City and key in-town districts, while public-private partnerships have facilitated the development of high-profile assets such as the Power and Light District, Kauffman Center for the Performing Arts, the Zona Rosa district, and others.

Despite these investments, a growing regional population and economic base, and high profile regional marketing initiatives such as the KC Animal Health Corridor and KC SmartPort, the City of Kansas City is at a critical juncture in its history. The Kansas City Public Schools district is poised for state takeover, headlines routinely announce high-profile crimes, local residents lament the fact that families with means continue to leave the city for suburban neighborhoods in Missouri and Kansas, and stakeholders talk about a community that is still riven by boundaries such as Troost Avenue and the Missouri River. Constituents would also like to see their city government function more seamlessly and communicate more effectively among departments.

More than anything, what Kansas City residents, business people, and workers told Market Street is that Kansas City must decide on a vision for its future growth and pursue it efficiently, aggressively, equitably, proactively, and with focused investments that demonstrate sustainable and high-value returns. This vision would be implemented by a unified coalition of entities including the City Council, Mayor's Office, the Economic Development Corporation of Kansas City, multiple city departments, neighborhood groups, social service organizations, school systems and training agencies, colleges and universities, and public-private partners such as the KCADC, Greater Kansas City Chamber, Civic Council, and The Kauffman Foundation.

This Competitive Snapshot is the first step in developing a holistic economic and community development strategy for the City of Kansas City. **This Snapshot identifies the strengths and challenges that will serve as key inputs for the development of the AdvanceKC strategic plan.** With the launch of this strategic process, the City of Kansas City's public, private, and nonprofit leaders have made an important statement that they are ready to work together for the benefit of advancing Kansas City's economic competitiveness and the welfare of its residents and workers.

A few technical notes about this deliverable:

- **Benchmark geographies:** In this deliverable, key demographic and economic indicators for the city are compared to trends in Missouri and the nation as well as three benchmark cities selected by city officials in collaboration with Market Street. These benchmark cities are Charlotte, North Carolina; Indianapolis, Indiana; and Oklahoma City, Oklahoma. In some instances, the City is also benchmarked to the metro area.
- **Data presentation -- People/Prosperity/Place:** The Snapshot is organized into three sections according to the principal factors that are crucial to economic health of the City of Kansas City: its people, their prosperity, and the quality of its place.

- **Public input:** Key themes that emerged from the nearly 25 interviews, 15 focus groups, and online surveys associated with the AdvanceKC process and **woven throughout this report in blue bolded text**. Market Street also leveraged information from articles in the Kansas City Star and Kansas City Business Journal.
- **Supplemental data used when city-level data were unavailable:** It is important to note that, due to government reporting dynamics, certain data points were not available at the city level. For these indicators, data were gathered for Clay, Jackson, and Platte Counties ("Kansas City county area"), the City of Kansas City's three highest-population counties. These counties were then compared to Mecklenburg County (Charlotte City, NC); Marion County (Indianapolis City, IN); and Oklahoma and Cleveland counties (Oklahoma City, OK). Where data were not available at the county level, metropolitan area statistics were utilized. Each graphic includes a source note describing the level of geography measured.

And now, on to the summary of key trends and issues in Kansas City.

## PEOPLE

- The City of Kansas City's population growth has languished behind its competitor regions, the state, and the nation. Between 1990 and 2000, the City of Kansas City's population rose by 1.5 percent placing it behind Charlotte (36.6 percent), Indianapolis (6.9 percent), and Oklahoma City (13.8 percent). Although the City of Kansas City's population growth (4.3 percent) accelerated during the most recent decade, all three comparison communities, the state and nation grew more rapidly. While the city as a whole is growing, individual districts within the city continue to experience significant population loss. The Heart of the City, Truman Plaza, and Stadium/Park East Census Districts suffered particularly sharp population declines over the most recent decade. **In total, IRS income data show that migration dynamics sapped the core Kansas City area of \$101 million in total income in recent years.**
- **Age composition and growth will present a critical barrier to the city's future economic wellbeing.** In 2010, the City of Kansas City had the highest percentage of its total population between the ages of 45-64 (25.6 percent) of the three comparison communities. Only Missouri (27.0 percent) and the nation (26.4 percent) had higher percentages. As these residents retire over the next twenty years, their quality of life will increasingly rely on a younger, highly educated workforce. The replacement population (20-44 year olds) for these retiring workers declined by -5.0 percent in the City of Kansas City and grew only 0.9 percent in the metro area. These trends could **create a future gap in the city's – and region's – available workforce pipeline placing strain on local employers and city service provision for the retirement population.**
- **As a cultural capital of the Midwest region, Kansas City's diverse population could be a key asset to the community.** In 2010, the city's non-white resident population totaled 207,503 people, representing

45.1 percent of the city's population, with strong growth exhibited within the city's Hispanic, Asian, and "other race" communities. While increasing diversity and the spectrum of quality of life options for individuals of varying backgrounds is paramount to competitive central cities, the decline in the city's white (-0.9 percent) and black (-0.7 percent) populations over the last ten years is notable. At the same time, racial divisions among neighborhoods, also impede the city's ability to come together to address key issues, concerns, and opportunities.

- **Per capita income in the three-county area has grown by 11.9 percent to \$37,258. However, rising bankruptcy rates as well as high poverty rates within the central city indicate that not everyone is benefiting from rising incomes.** Since the official end of the recession, personal bankruptcy rates within the three-county area have risen by 8.9 percent, faster than the other geographies examined. Moreover, poverty has further concentrated in the city over the course of a decade. **By 2010, one in five City of Kansas City residents lived at or below the federal poverty line, with minorities disproportionately affected.**
- **The City has made positive gains in educational attainment, but needs to continue the momentum to compete with some of the nation's highest-capacity cities.** In 2010, Kansas City (13.0 percent) had the lowest percentage of residents without a high school diploma relative to all three benchmark cities, the state, and the nation. On the other end of the spectrum, 29.9 percent of city residents aged 25 or over held a college degree or higher. The City of Kansas City's educated population serves as a key asset for the local employers. But, while these are positive dynamics, some cities boast bachelor's degree attainment of over 50 percent. Among the 287 cities in the United States with greater than 100,000 residents, Kansas City ranks 127<sup>th</sup> in four-year degree attainment.
- **Kansas City Public Schools' lack of accreditation presents a challenge to the city's current economic climate.** Despite the fact that the city has certain well-performing districts, potential employers and businesses hold reservations about locating in the City of Kansas City because of the high-profile struggles of its core district. **Many stakeholders said the schools' poor perception is the city's principal competitive barrier to retaining and attracting a higher-educated workforce.** Compared to the central school districts in Kansas City's comparison communities, Kansas City Public Schools has suffered from student enrollment decline and low graduation rates, likely as a result of declining student performance rates. However, other school districts in the city such as Center, Hickman Mills, and Park Hill enjoy comparatively high levels of student achievement in terms of graduation rates, annual yearly progress, and ACT exam scores.
- **The "elephant in the room." The "800-pound gorilla." The subject of public education was broached in every single interview and focus group and was a key theme of online survey input.** As could likely be expected by its prominent coverage in the regional (and national) press, the Kansas City Public Schools district was singled out for most of the discussion. More than anything, stakeholders seem weary of talking about the issue and deeply cynical that anything will ever bring the district back from the brink of dissolution. This is due to a number of factors including its lack of accreditation, risk of

state control, perceived lack of school board vision and leadership, a succession of short-term superintendents, and, more than anything, the intractable reality that the district's student population must overcome poverty, crime, lack of hope, disengaged parents, and a host of other factors that are consistent with inner cities all across America to succeed in school. While many laud Mayor Sly James' proposal to take over the city schools, some feel that he has stepped into "quicksand" and has little chance to right years and years of dysfunction. A number of participants feel the Kansas City schools should simply be dissolved, with its student population redistributed among nearby and healthier districts; this sentiment has been reflected in recent legislation in the Missouri senate. While acknowledging that the situation is incredibly difficult to improve, the issue of public school was nevertheless paramount in people's minds as a deterrent to intown living for families and people of means. Some neighborhoods have a noticeable "cycle" of outmigration when families have children that have reached school age. **Many stakeholders direly warned that, until the Kansas City schools were "fixed," the city had no hope of truly achieving "next level" success.**

- **Post-secondary institutions in the city are a boon to educational attainment in the city itself and the region as a whole.** In the 2009-2010 school year, the number of higher education students per 100 residents in Kansas City totaled 9.6. Only Indianapolis (10.7 students per 100 residents) with its combined Indiana University/Purdue University campus had a higher per capita student population. In total, the city's thirteen institutions for higher education conferred 6,366 certificates and degrees in the 2009-2010 school year.
- On the training side, both businesses and trainers/educators who participated in input acknowledged that there was no formalized "pipeline" to prepare students and adults for locally available, quality jobs. **While the situation is improving and more effort is being focused on career-based learning, the city has a long way to go before the workforce training process is seamless, stakeholders said.** Leveraging the city's higher education capacity was also said to be a critical strategic opportunity.

## PROSPERITY

- **Employment levels in Kansas City's core three-county area (Clay, Jackson, and Platte counties) have underperformed** relative to Charlotte, Oklahoma City, the state of Missouri, and the nation throughout the period between January 2000 and March 2011. Kansas City's employment index (January 2000 = 100) fell to 93.0 by March 2011. Only Indianapolis (91.5) fared worse than the Kansas City area at the end of the 11-year period. The Kansas City three-county area saw a recovery in employment between June 2004 and June 2008 in which it recovered 3.0 percent of its total employment; however, the Great Recession reversed these employment gains. **Since the recession, employment has declined by -3.7 percent in the three-county area and 3.2 percent in the metro area, compared to changes in the benchmark regions varying from -0.5 percent loss to 2.4 percent growth.** The Kansas City MSA fell by 77 places in the Milken Institute's Best Performing Cities to 137th, making it the third largest declining metro area of 200 large metro areas ranked by the institute.



- **Elevated unemployment as a percentage of working aged residents (16 and over) within the City of Kansas City is a long-term concern.** However, the city's comparison areas have also seen recent spikes in unemployment; rates in Charlotte (10.4 percent), Indianapolis (9.7 percent), the state (9.7 percent) and the United States (9.7 percent) rose markedly in recent years, placing these geographies on par with Kansas City's June 2009 unemployment rate of 10.4 percent. However, high unemployment rates in these geographies began to subside after the official end of the recession. By the end of October 2011, Charlotte (8.8 percent), the state of Missouri (8.0 percent), and the United States (8.5 percent) were below the City of Kansas City's unemployment rate of 9.1 percent.
- **Key local employment sectors have faltered due to the recession.** The City of Kansas City's core three-county area possesses high concentrations of employment in information (location quotient =1.44, see Economic Structure section of report for explanation of location quotients), finance and insurance (1.39), management of companies and enterprises (1.40), and professional and technical services (1.24). However, if current trends continue, the three-county Kansas City core may become less competitive in some areas. Between the first quarters of 2006 and 2011, the Kansas City core's information (-26.9 percent) and management of companies and enterprises (-18.0 percent) business sectors experienced five-year unemployment declines while professional services (-2.9 percent) and management of companies and enterprises (-8.8 percent) suffered from notable one-year job loss.
- **Though the Kansas City core county area has seen employment declines, wages over the last five years have grown in 15 out of 17 business sectors.** Sectors experiencing high five-year wage growth include many high-wage sectors that pay higher than the three-county average wage (\$45,333, or 93% of the U.S. average wage): professional and technical services (15.4 percent), manufacturing (14.7 percent), construction (12.9 percent), finance and insurance (8.1 percent), wholesale trade (7.0 percent), and information (4.6 percent).
- **Stakeholders are generally frustrated by economic development efforts in the City.** Words and phrases that were mentioned often in input sessions to describe local economic development programs and policies were: disjointed, **siloed**, "alphabet soup" of agencies, lack of coordination, developer-driven, "squeaky wheel" syndrome, "no vision," reactive, willy-nilly, no defined way to determine return-on-investment to assess performance and inform deals, lack of transparency in incentives awards, and others. However, efforts to revive Downtown Kansas City and support other key districts were nevertheless lauded for making the city a more dynamic place for businesses, talent, and visitors interested in central-city environments.
- **Stakeholders want the city to identify a handful of high-priority, high-value development opportunities and pursue them aggressively.** They are also looking for better connectivity between ongoing and future strategic plans and improved physical connectivity between development nodes and key activity centers. Business sectors mentioned with the most promise for growth included

healthcare, light manufacturing, animal science, logistics, green energy, professional services, arts and culture, engineering and design.

- **The state of Missouri tax climate demonstrates signs of competitiveness relative to the states of the comparison communities.** Both the Tax Foundation and Beacon Hill Institute ranked the state's tax climate favorably relative to the comparison communities' home states. One issue of concern is that while the city's utility rates are lower than national averages, rising costs may adversely affect the city's business climate. All usage types (residential, commercial, and industrial) in the City of Kansas City rose faster rate than the comparison communities. However, the city's utility rates across all usage types remain below their national averages. This is an issue to monitor, though still a competitive advantage.
- **Many stakeholders feel that Missouri's capacity to provide incentives is less competitive than Kansas, leading to the zero-sum game of business "poaching" across state lines in metro Kansas City.** The "border war" between the Kansas and Missouri sides of the Kansas City metro is real and, according to many, Kansas is "winning." Input participants said that the City of Kansas City has to acknowledge that it just is not competitive for certain prospects and should cede them to Johnson County and other suburban locations without protest. Kansas City, Missouri's "sweet spot" according to many is its urban environment and "vibe." This is especially true for technology businesses and "creative" enterprises whose employees are looking for a level of urbanity that the suburbs cannot provide.
- **While Kansas City is an entrepreneurial town, according to many, challenges lie in tapping into this dynamism and freeing small business people and entrepreneurs to successfully start, grow, and sustain high-value enterprises.** Stakeholders also said that availability of capital – particularly seed and early-stage monies – was limited. KC BizCare and KC SourceLink were both cited as examples of the improving coordination and support capacity for small businesses. However, there is still an issue of lack of awareness of these services. Many would like to see the city and private-sector partners contribute more resources to promoting these tools. Other stakeholders said the best thing the city could do was simply "get out of the way" and enable entrepreneurs to launch and grow businesses without interference; this also entails continuing to streamline and improve regulatory processes within the city's permitting and development departments. The Kauffman Foundation was also noted as a tremendous local asset for small business development. Stakeholders were complimentary of the City of Kansas City's recent empaneling of a Special Committee on Small Business that released a detailed report in December 2011 detailing a number of steps the city could take to improve its support and operational climate for small business.
- **Local patent activity is being sustained by the private sector.** Though the city's higher education system faces declining R&D expenditures, local patent activity has soared by 67.9 percent with private sector support, while Charlotte (14.8 percent), Indianapolis City (-17.9 percent), and Oklahoma City (-42.1 percent) witnessed modest or declining patent production over the last decade. **Despite the increase, Kansas City's patents per capita (2.95 per 10,000 residents) were still below Charlotte (4.11)**

**and Indianapolis (4.44) rates.** At the metro level, Kansas City ranks 39<sup>th</sup> in total patents produced in 2010 among 374 metros nationwide, ahead of all three benchmark regions. Top patent areas are communications, data management and processing, registers, and drugs and surgical instruments.

- **More must be done to improve the City's climate for innovation.** Technology commercialization processes in Kansas City were said to be a "work in progress." Availability of seed and venture capital are constant concerns as well as a need for technology incubation space, especially within the city limits. Experts said that Kansas City must identify and leverage local funding sources as opposed to consistently looking outside the region for capital.
- And, innovation is needed within city government as well. **Both James and Schulte have, according to many input respondents, a tough job ahead of them to improve inter-governmental communications and collaboration and reform processes that have not been "business-friendly" for years.** This includes the city's permitting and regulatory systems which multiple stakeholders still complain are time-consuming, arbitrary, cost-prohibitive, and convoluted. In fairness, many also say that it has become much easier and quicker to get a development permit in Kansas City, and acknowledged that the government has invested much time and attention to improving these processes. Some of the lingering perception issues could simply be because the respondent had not experienced the system recently.

## PLACE

- **Greater Kansas City has a low cost of living relative to the nation.** According to the cost of living index published by the Council for Community and Economic Research, in the third quarter of 2011, the overall index for the Kansas City urban area was 99.2 (national average = 100). Despite the fact that Kansas City's cost of living is higher than its comparison communities, public input participants overwhelmingly cited the city's cost of living as a competitive asset.
- **Housing in the City of Kansas City is comparatively affordable, with values holding steady.** The City of Kansas City's housing affordability ratio is also very favorable. To buy a median price home one would need 2.38 times the area's median income in Kansas City compared to 3.5 times nationally. In 2010, the median home value in the City of Kansas City was \$138,900, greater than in Indianapolis (\$118,100) and Oklahoma City (\$130,800) but lower than the remaining comparison geographies. Kansas City has also enjoyed the benefit of slightly rising home values (0.4 percent) with recent increases above all comparison geographies except Charlotte (1.0 percent) and Oklahoma City (3.2 percent). While the overall metropolitan area has seen home prices decline by 4.7 percent, home prices in Clay (4.0 percent), Jackson (1.0 percent) and Platte (0.9 percent) counties have risen modestly.
- **Kansas City's health care capacity is competitive.** Approximately 17 percent of city residents are without health insurance, a lower percentage than the comparison cities although higher than the state (13.2 percent) and nation (15.5 percent). **However, the city's physicians per capita (209.7) lags behind**

**the nation (220.5) and most of the benchmark geographies.** This is despite the presence of more teaching hospitals in Kansas City (five Association of American Medical Colleges members) than the comparison cities and is potentially a result of reportedly high malpractice insurance premiums in Kansas City, Missouri.

- **Crime is a major issue in the City of Kansas City, in terms of perception and reality.** In 2010, 1,140 violent crimes were reported for every 100,000 residents in the City of Kansas City, a much higher rate than all comparison geographies except Indianapolis (1,200). In the same year, 5,571 property crimes were reported for every 100,000 residents in the city, higher than Charlotte (4,350), the state (3,346), and the nation (2,942). Despite the fact that Kansas City ranked 21<sup>st</sup> in crime rates of 400 cities in a list published by the Congressional Quarterly, the city has shown signs of improvement. **Over the five-year period between 2005 and 2010, Charlotte was the only comparison geography that experienced a more rapid decline in both violent and property crimes than the City of Kansas City.** This could be a result of Charlotte annexing lower-crime districts into the city. While this is progress, murders are still reported in the news every week. The recent shooting incident at the Country Club Plaza that elicited much press and conversation just exacerbated these issues. Frustrations abound that the city does not have local control over its police department, which many say would improve its ability to combat crime and ensure public safety. The police pension issue is also a challenge.
- **Some say that local perceptions are still influenced by an “east of Troost” stigma and deep-seated issues of race that need to be brought into the open and discussed.** Representatives from distressed neighborhoods feel that city incentives often do not focus on those districts most in need and more should be done to equitably distribute investment across the entire breadth of Kansas City. Some say that all they want is just a grocery store nearby that offers quality products at competitive prices. Stakeholders noted that the Urban Core Initiative of the Chamber’s Big 5 strategy has created hope and excitement and is arraying different constituencies more effectively around these issues. However, others said that the city government has yet to come together in a coordinated way to support the Initiative; or, at the very least, does not communicate about individual elected officials’ or departments’ involvement.
- **Kansas City’s central U.S. location makes the city very competitive for logistics employment and affiliated sectors.** With the presence of four interstate highways, I-35, I-70, I-435, and I-635, Kansas City is accessible to 83 percent of the country’s GDP within a two-day drive. The Kansas City International Airport is likewise competitive with its 11 airline carriers, nonstop service to 49 destinations, and comparatively low average airfares.
- **However, providing good infrastructure for new and existing residents and businesses is serious concern.** As with many aging U.S. cities, Kansas City faces critical needs related to the replacement and maintenance of its infrastructure. This includes all types of assets including roads and bridges, water and sewer pipes, sidewalks, utilities, and other systems. Many infrastructure assets have seen “deferred maintenance” for years as successive city administrations and councils passed the burden of funding

improvements and replacement to future representatives. The City of Kansas City's geographic realities – a land area of 320 square miles, low densities, dispersed development – are probably most to blame for the challenges related to development, maintenance, and refurbishment of infrastructure. Its geography also makes it difficult for Kansas City to provide effective transit capacity and service for its residents.

- **Unsustainable funding models are also an issue for Kansas City's ability to maintain competitive infrastructure and services capacity.** While city officials envision slow, incrementally increasing rate increases to help allay the cost of water and sewer replacement, other infrastructure solutions are more challenging. With 40 percent of the city's general fund coming from the Earnings Tax, stakeholders said a more reliable and sustainable source must be found to accommodate the entirety of the city's operational and maintenance responsibilities. Then the Earnings Tax could be refocused on more strategic investments that would enhance Kansas City's competitive position for business and talent. Despite the aforementioned history of deferred maintenance, most input respondents said that the current City Manager and Mayor are sincerely focused on addressing Kansas City's priority infrastructure issues in the immediate future.
- **The City of Kansas City has a significantly high per capita number of facilities that produce air pollutants or other harmful waste bi-products.** One key issue cited by stakeholders was the clean-up of the Bannister Federal Complex at the corner of East Bannister Road and Troost Avenue. Operations at the site are being relocated to a new facility in the Kansas City area, but beryllium contamination from the nuclear parts manufacturing facility poses an environmental challenge to redevelopment.
- **Kansas City residents exhibit a strong sense of civic capacity.** The county area has 5.8 nonprofit organizations per 1,000 people, a greater proportion than all geographical comparison areas except Charlotte (6.3), denoting that Kansas City is a philanthropic community. The nonprofits in Kansas City report higher revenues per capita (\$8,935) than all of the comparison geographies except Indianapolis (\$14,148). Likewise, in the latest "Volunteering in America" report published by the Corporation for National and Community Service, Kansas City metro area ranks 12th among 51 large metros in citizen-volunteer rates, higher than Charlotte (26th) and Indianapolis (19th).
- **The effectiveness of city government, many stakeholders lamented, is often a question of the capacity of the administration in power.** Input respondents are bullish on the potential of the James Administration to move Kansas City forward and feel that City Manager Troy Schulte is also a quality administrator who will improve the performance of city services and operations. However, a return to the dysfunction of the past is never far from the minds of stakeholders who have been burned before by hopes of a "new day" at City Hall.
- **Probably most troubling to many stakeholders is their sense that the very structure of Kansas City government is ineffectual.** Some think a "strong mayor" system would be a better model for the city to pursue. Others feel that having 12 council people creates built-in tendencies for elected officials to

split along district lines. Even though six council people are elected city-wide, these respondents said that these officials are still putatively district representatives due to their local affiliations, constituent-bases, and issues of interest.

- **The city's dynamic supply of cultural assets and entertainment, dining, and shopping amenities is a competitive asset that many stakeholders would like Kansas City to better leverage for its future success.** Compared to the benchmarks, the three-county Kansas City area boasts a higher concentration of arts-based non-profits with more revenues per capita. Perhaps made more prominent by the recent opening of the Kauffman Center, many local stakeholders feel that the arts can be the element that truly "defines" Kansas City – the engine that the city can "strap its back to and ride," in the words of one stakeholder. It is an arts community that is "open" and works well together according to local officials, although there are still some organizations that operate outside the network. Many respondents are concerned that the city will not fully or effectively leverage the Kauffman Center, the Nelson-Atkins, the Crossroads district, and other assets to the extent necessary to take Kansas City to the "next level" of success in the arts. Some would like to see the city step up its investments in supporting the arts and create specific incentives to foster the development and growth of arts-based businesses. Others feel that the best thing the city could do to support an arts district like the Crossroads is simply to "leave it alone" and let it blossom organically. Some stakeholders wonder how Kansas City's arts and cultural amenities can be better marketed to the outside world and even in many cases to its own region. **More than anything, many local arts supporters would simply like the sector to be more strongly considered as "economic development" and a resource for growing quality jobs in Kansas City.**

Though, as this Snapshot shows, the City of Kansas City faces challenges, it also possesses significant competitive advantages in multiple areas. As Market Street facilitates a discussion with the Steering Committee about next steps, the charge will be to link the identified issues and opportunities with potential strategic actions to be included in the **AdvanceKC Economic Development Strategic Plan**. This is a critical opportunity to inform the City's economic development efforts and to truly advance Kansas City forward. To be successful, the city will need to focus on the three key themes detailed in the conclusion of this report: Connection, Vision, and Focus. By better connecting its government, neighborhoods, constituencies, and activity centers and identifying a shared vision for a more prosperous future, Kansas City can enhance the focus of its investments, activities, and programs on the highest-value opportunities for success.

## PEOPLE

This section of the Competitive Snapshot will present key trends in various demographic and socioeconomic attributes of the population in the City of Kansas City, Missouri. Emphasis is placed on various indicators of the social and economic well-being of city residents. In addition to key demographics, information on educational attainment and primary, secondary and post-secondary school performance will shed light on the city's ability to prepare its youth for an increasingly competitive labor market and knowledge intensive economy.

### Community Growth

The City of Kansas City's population growth has stagnated over the last two decades. Between 1990 and 2000, the city's population grew by only 1.5 percent while Charlotte, NC (36.6 percent) –aided by a 40.6 square mile expansion– Oklahoma City, OK (13.8 percent), and the nation (11.6 percent) observed significant population growth. However, the city's population growth accelerated during the most recent decade. While the city's population grew by 4.1 percent from 2000 to 2010, all three comparison cities, the state, and the nation grew at a faster rate.

**Population, 2000-2010**

				1990-2000		2000-2010	
	1990	2000	2010	#	%	#	%
Kansas City, MO	435,146	441,545	459,787	6,399	1.5%	24,641	4.1%
Charlotte, NC	395,934	540,828	731,424	144,894	36.6%	335,490	35.2%
Indianapolis, IN	731,327	781,870	820,445	50,543	6.9%	89,118	4.9%
Oklahoma City, OK	444,719	506,132	579,999	61,413	13.8%	135,280	14.6%
Missouri	5,117,073	5,595,211	5,988,927	478,138	9.3%	871,854	7.0%
United States	248,709,873	281,421,906	308,745,538	32,712,033	13.2%	60,035,665	9.7%

Source: U.S. Census Bureau.  
Community names reflect city unless otherwise noted.

Even so, public input participants said that much of the growth has occurred in the Northland area of Kansas City while the intown neighborhoods south of the Missouri River continue to struggle to attract and retain residents. As the following map shows, Census tracts that suffered a population decline of ten percent or more were predominately located in the Heart of the City and Stadium/Park East areas while those with a population gain of ten percent or more were located in the city's peripheral neighborhoods north of the Missouri river and in the Greater Downtown area. These trends are consistent with public input respondents' expectations.







### Net In and Out Migration of Kansas City's Core Counties, 2004-2009

Top Net In-Migration Source Counties		Top Net Out-Migration Destination Counties	
Wyandotte County, KS (Kansas City metro)	2,393	Johnson County, KS (Kansas City metro)	-5,153
Buchanan County, MO (St. Joseph metro)	922	Maricopa County, AZ (Phoenix metro)	-534
St. Louis County, MO (St. Louis metro)	644	Tarrant County, TX (Dallas-Ft. Worth metro)	-531
Shawnee County, KS (Topeka metro)	585	Harris County, TX (Houston metro)	-457
Los Angeles County, CA (L.A. metro)	577	Benton County, MO (rural)	-447
Boone County, MO (Columbia metro)	570	Clinton County, MO (Kansas City metro)	-368
Sedgwick County, KS (Wichita metro)	522	Camden County, MO (rural)	-357
Douglas County, KS (Lawrence metro)	505	Collin County, TX (Dallas -Ft. Worth metro)	-277
Douglas County, NE (Omaha metro)	399	Hillsborough County, FL (Tampa metro)	-273
St. Charles County, MO (St. Louis metro)	390	Dallas County, TX (Dallas-Ft. Worth metro)	-271

Source: U.S. Internal Revenue Service, via Moody's Economy.com

The top source and top destination counties reveal strong inter-regional population movements, especially between the Kansas counties of Wyandotte and Johnson. **During focus group sessions, a number of individuals described frequent migrations between Kansas and Missouri among themselves and their peers. School quality, infrastructure, and location of employment were often cited as the primary reason for these decisions.** Aside from the notable population migrations occurring across state lines, the top destination counties reveal further population movements to Sun Belt communities. Maricopa County, AZ (-534), Tarrant County, TX (-531), and Harris County, TX (-457) all received Kansas City migrants.

Not shown in the previous table, an analysis of the **incomes** earned by migrants showed that (with the exception of 2007-08) migrants moving out of Kansas City's core counties tended to have higher incomes than those moving into the three-county area. Between 2004 and 2009, the three-county area lost \$101,035,000 of total income earned by these migrants. **Most focus group participants and interviewees said that the key to reversing the outflow of higher-income residents and families to Kansas City's suburbs is to "fix" the local schools and reduce crime. Many stakeholders said that underperforming public schools are the single greatest threat to the city's future population growth and attractiveness to prospective talent. Online survey respondents corroborated this viewpoint. Over one fourth of online respondents labeled the city's national image as a place to live, work and visit as a competitive disadvantage**

## Age Dynamics

In 2010, Kansas City had the highest percentage of 45-64 year olds (25.6 percent) and the lowest percentage of 20-44 year olds (36.1) than its three peer benchmark cities. Such dynamics can raise concerns related to filling occupational gaps create by retirements, providing services for the elderly, and establishing the city as a competitive place for young families both within the metro area and nationwide.

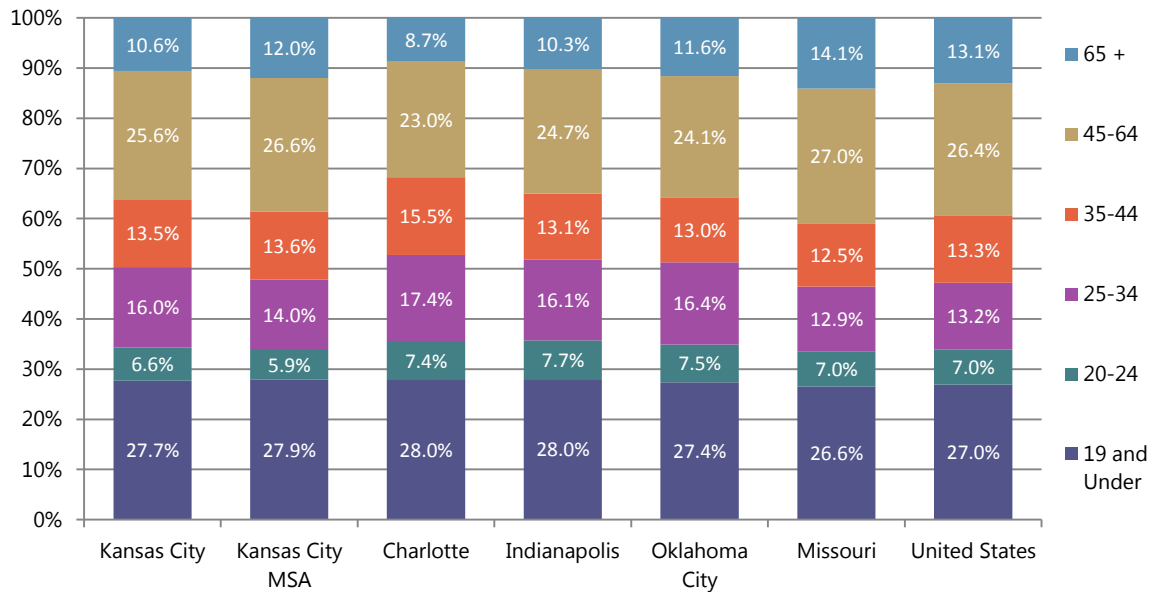
An educated, highly skilled 20-44 year old population will be paramount for communities to supply employers with a competitive workforce. Between 2000 and 2010, Kansas City's 20-44 population decreased by 5.0 percent, the largest percentage decline of the benchmark cities, the state, and the nation. Charlotte (24.6 percent) and Oklahoma City (9.8 percent) both showed strong growth in this age demographic. However, this is a regional challenge. During the same period, the 20-44 demographic in the Kansas City metro area only grew by 0.9 percent (adding 5,778 residents). The City of Kansas City isn't the only community that will be challenged by the baby boom retirement—Indianapolis (-3.5 percent), Missouri (-2.8 percent), and the nation (-0.2 percent) all experienced a decline in their 20-44 year-old population. Given Kansas City's sharper decrease and sluggish 20-44 growth metro wide, talent pipeline concerns maybe more sharply felt in the City of Kansas City relative to the average community nationwide.

**Change in Population by Age Group, 2000-2010**

	19 and Under	20-24	25-34	35-44	45-64	65 +	20-44
Kansas City, MO	3.3%	-3.5%	2.0%	-12.9%	29.3%	-5.6%	-5.0%
Charlotte, NC	38.9%	30.6%	23.7%	22.8%	56.8%	34.4%	24.6%
Indianapolis, IN	4.2%	8.6%	2.8%	-15.4%	28.1%	-0.8%	-3.5%
Oklahoma City, OK	10.8%	10.5%	24.6%	-4.8%	29.4%	16.3%	9.8%
Missouri	0.0%	13.0%	4.9%	-15.7%	29.5%	11.6%	-2.8%
United States	3.6%	14.2%	2.7%	-8.8%	31.9%	15.6%	-0.2%

Source: U.S. Census Bureau  
Community names reflect city unless otherwise noted.

### Age Distribution, 2010



Source: U.S. Census Bureau  
Community names reflect city unless otherwise noted.

**Despite the trends noted in the previous charts, well over half of online survey respondents agreed or strongly agreed that the City of Kansas City was a “good place” for young professionals. Over three quarters of online survey respondents stated that the Kansas City, MO Riverfront-Downtown-Plaza-Brookside-Waldo area as the best place for young professionals to live out of any community located in the Greater Kansas City metro area. The supply of affordable housing, improving school quality, and making alternative modes of transit accessible were all identified as policies the city could implement in order to better attract and retain young professionals.**

### 19 and Under Population by Race and Ethnicity, 2000-2010

	2000		2010		Change	
	#	%	#	%	#	%
White, Non Hispanic	55,915	42.9%	51,472	38.5%	-4,443	-7.9%
Black	49,348	37.9%	44,304	33.1%	-5,044	-10.2%
American Indian	575	0.4%	576	0.4%	1	0.2%
Asian	2,229	1.7%	2,939	2.2%	710	31.9%
Native Hawaiian	174	0.1%	316	0.2%	142	81.6%
Other or Two or more	10,436	8.0%	15,916	11.9%	5,480	52.5%
Hispanic	11,542	8.9%	18,225	13.6%	6,683	57.9%

Source: United States Census Bureau  
Figures for the City of Kansas City, MO only.

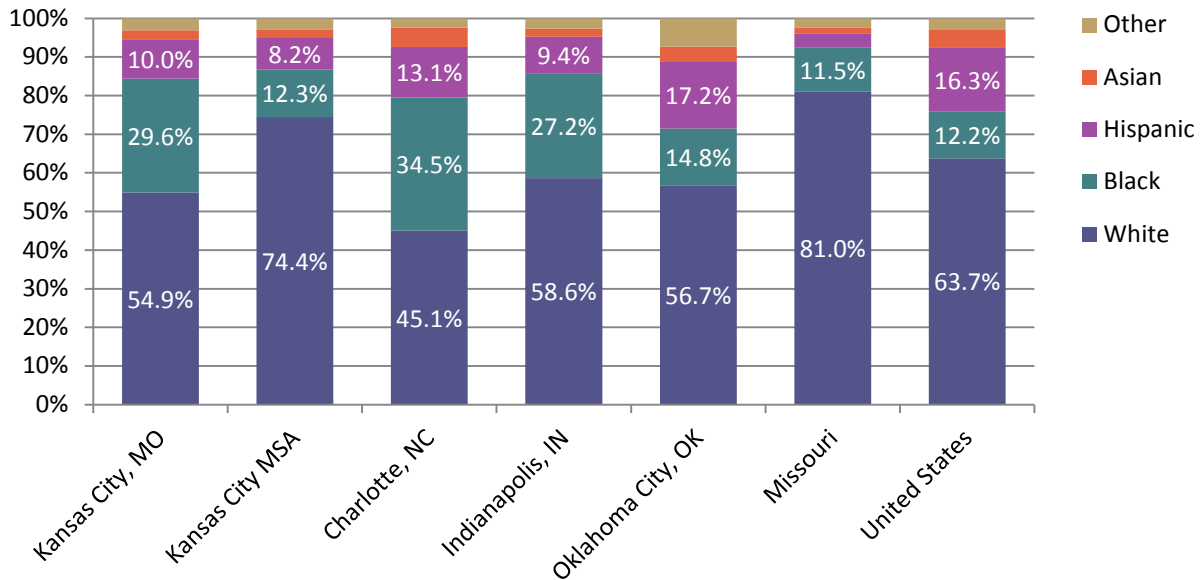
The preceding table shows that growth in the City's 19 and under population is significantly aided by burgeoning Asian and Hispanic youth populations.

## Diversity

Racial and cultural diversity is an important aspect of healthy communities. Many communities find that diversity can provide good opportunities to enhance local cultural amenities, economic vitality, and workforce competitiveness.

The City of Kansas City is considerably more diverse than the metro area, state, and nation. In 2010, Kansas City's non-white population represented 45.1 percent of the population, a larger percentage than Indianapolis (41.4 percent), Oklahoma City (43.3 percent), the state (19.0 percent) and the nation (36.3 percent). The importance of the city's role in promoting diversity within the region cannot be understated. The surrounding metropolitan area's non-white population totaled only 25.6 percent of the total population, nearly 19.5 percentage points below the city. If effectively leveraged, the City of Kansas City's diversity can be a competitive advantage, especially as employers look to diversify their workforces and talented "creative" cite community diversity as a key determinant of their location decisions.

### Racial and Ethnic Distribution, 2010



Source: U.S. Census Bureau  
Community names reflect city unless otherwise noted.

As shown in the following table, Kansas City's growth in its non-white population has trailed its comparison communities. Notable growth in the city's Hispanic population outpaced growth rates nationwide; stakeholders commented on the Hispanic community positive impact on the Independence Avenue district in Northeast Kansas City as a real benefit to the city. The city's growth in residents of other races was also quite strong over the last decade, most notably in residents of multiple race heritages. However, Kansas City's white (-0.9 percent) and black (-0.7) populations declined over the last ten years even as the metro area's white and black populations grew by 1.4 and 10.4 percent respectively.

### Percent Change in Population by Race and Ethnicity, 2000-2010

	White		Black		Hispanic		Asian		Other	
	#	%	#	%	#	%	#	%	#	%
Kansas City, MO	-2,214	-0.9%	-1,005	-0.7%	15,349	50.2%	3,175	39.2%	2,937	25.7%
Charlotte, NC	433,579	145.6%	76,346	43.5%	55,888	140.4%	17,851	97.7%	8,811	95.2%
Indianapolis, IN	292,770	55.5%	24,801	12.5%	46,716	152.5%	6,007	54.4%	7,766	54.5%
Oklahoma City, OK	252,774	77.2%	8,750	11.4%	48,670	94.7%	5,641	32.4%	9,449	28.5%
Missouri	1,302,453	27.8%	61,482	9.8%	93,878	79.2%	36,180	59.3%	37,902	36.6%
United States	114,192,764	58.7%	3,738,011	11.0%	15,171,776	43.0%	4,341,955	42.9%	1,807,112	24.1%

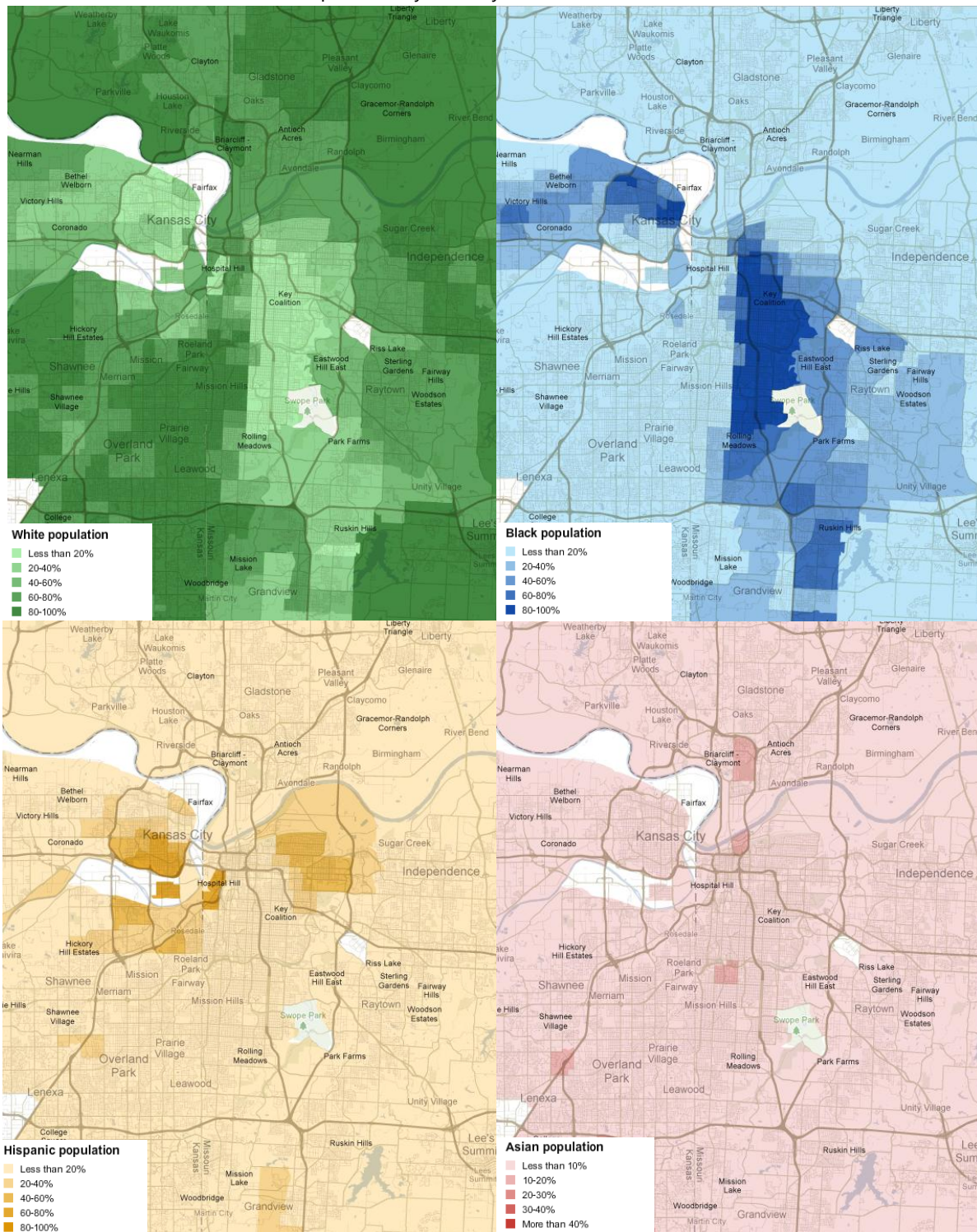
Source: U.S. Census Bureau

Community names reflect city. "Other" includes American Indians, Alaska Natives, Native Hawaiians, Pacific Islanders, other races, and individuals who are of multiple (2+) race heritages.

Racial segregation, as displayed in the following map, presents a key challenge to the city's ability to fully leverage its diversity. Troost Avenue is the most prominent dividing line between majority African-American neighborhoods and majority white neighborhoods in the city. Majority white neighborhoods were located either west of Troost or in the city's suburban periphery while African-American majority neighborhoods were isolated east of Troost near the city's center. **A number of public input respondents noted that Kansas City has lingering issues with racial intolerance which often manifests itself geographically in an "east vs. west of Troost" mentality. Over half of online survey respondents ranked regional race relations and suburban flight as a competitive disadvantage for the city signifying that racial tensions are weighing on the City's competitiveness.**



### Population by Race by Census Tract, 2010



Source: U.S. Census Bureau, Socialexplorer.com

## Educational Attainment

The value of a high-quality education has become more important than ever as the United States economy has continued to transition to more knowledge-based, higher-skill, and service-oriented occupations. Educational attainment reflects the quality of the workforce and availability of workers with a specific level of formal education. Access to an educated workforce has increasingly become one of the most important considerations by firms when examining communities in the site selection process. Communities across the country are now competing to retain and attract quality workers and college graduates with the same intensity as the traditional recruitment of high-value employers. Improvement of educational attainment among adults is critical to a community's ability to attract such high-value employers, provide adequate pipelines of talent for existing employers, and elevate incomes and quality of life.

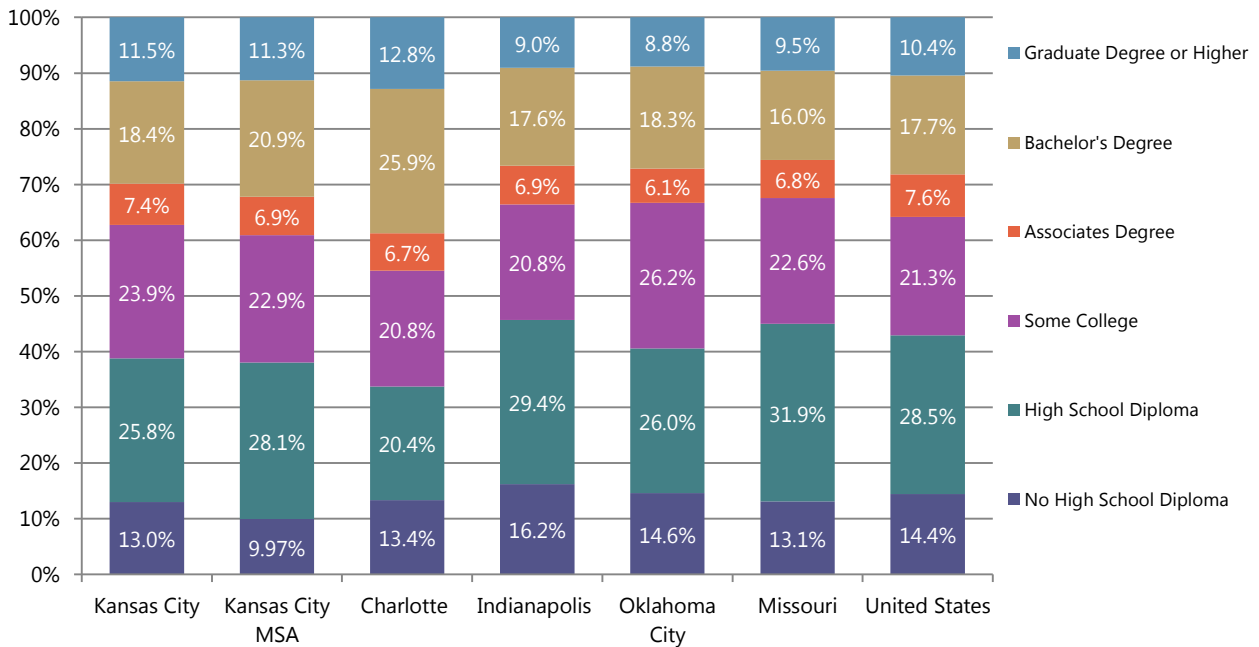
In 2010, Kansas City (13.0 percent) had the lowest percentage of residents without a high school diploma relative to all three benchmark cities, the state, and the nation. On the other end of the spectrum, 29.9 percent of city residents aged 25 or over held a college degree or higher –only Charlotte (38.8 percent) attained higher levels of educational attainment. The City of Kansas City's educated population serves as a key asset for local employers. The City of Kansas City's educated population serves as a key asset for local employers. Technology firms are increasingly migrating to talent "magnets" like Raleigh-Durham and Austin where Bachelor's degree attainment rates are upwards of 40 percent or higher.

Between 2000 and 2010, the City of Kansas City's (-4.5 percent) population without a high school diploma declined at a faster rate than Charlotte (-1.7 percent), Indianapolis (-2.5 percent), and Oklahoma City (-4.0 percent). In terms of individuals possessing a bachelor's degree, Kansas City (4.1 percent) saw a rapid rise of these individuals relative to all three comparison cities, the state, and the nation.

While these are positive dynamics, a national context must be considered when assessing workforce-skill capacity; some U.S. cities boast bachelor's degree attainment rates over 50 percent. Among the 287 cities in the United States with greater than 100,000 residents, Kansas City ranks 127<sup>th</sup> in its percentage of college-educated adults.



### Educational Attainment, 2010

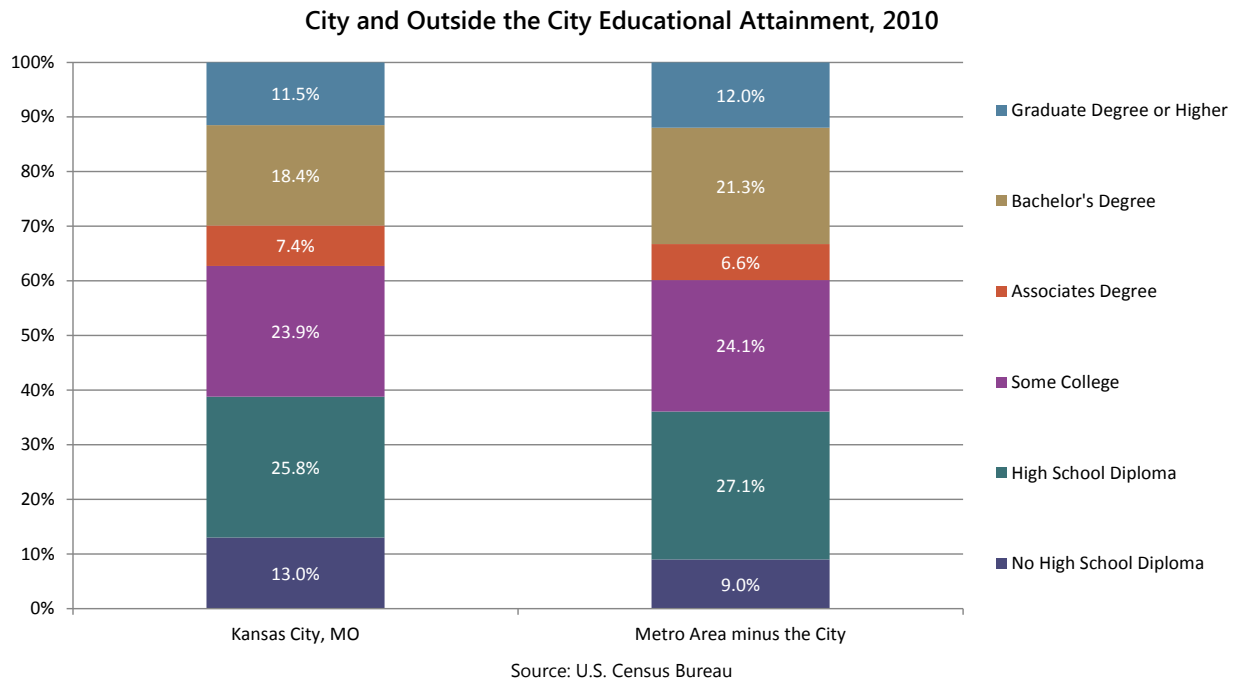


Source: U.S. Census Bureau  
Community names reflect city unless otherwise noted.

### Educational Attainment, 2000-2010

	<i>No High School Diploma</i>			<i>Bachelors Degree or Higher</i>		
	2000	2010	Pct. Change	2000	2010	Pct. Change
Kansas City, MO	17.5%	13.0%	-4.5%	25.7%	29.9%	4.1%
Charlotte, NC	15.1%	13.4%	-1.7%	36.4%	38.8%	2.3%
Indianapolis, IN	18.7%	16.2%	-2.5%	25.4%	26.7%	1.3%
Oklahoma City, OK	18.7%	14.6%	-4.0%	24.0%	27.1%	3.1%
Missouri	18.7%	13.1%	-5.5%	21.6%	25.6%	4.0%
United States	19.6%	14.4%	-5.2%	24.4%	28.2%	3.8%

Source: U.S. Census Bureau  
Community names reflect city unless otherwise noted.



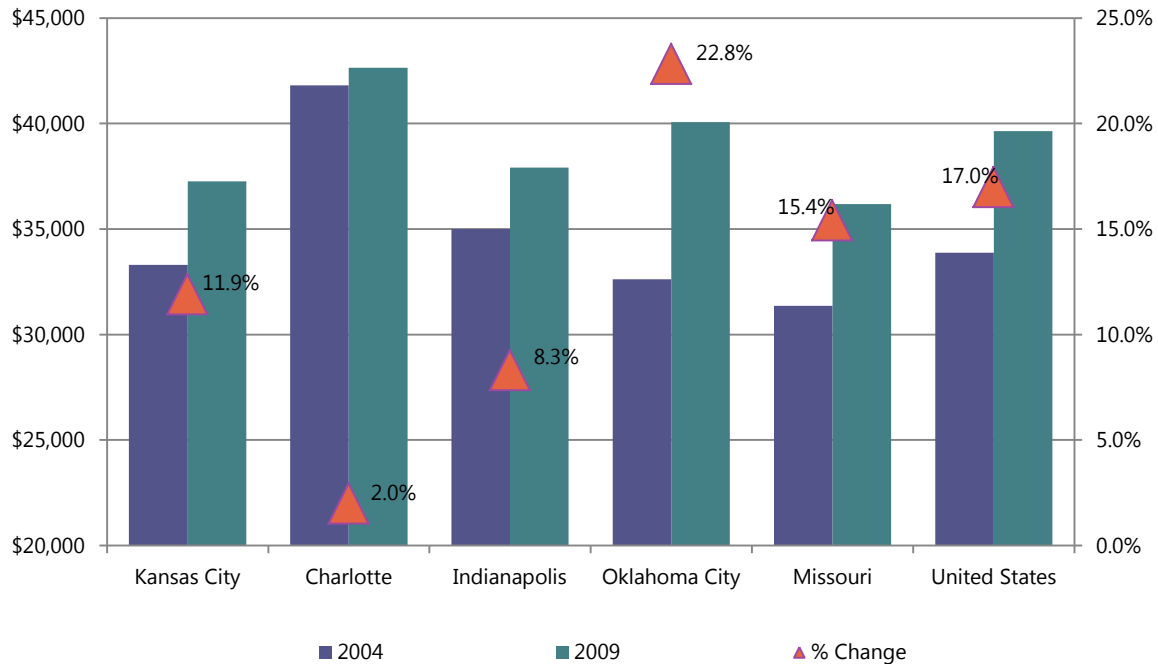
As the chart above indicates, those outside of the city limits (but still within the metro area) possess higher levels of educational attainment compared to those who live in the city limits.

## Income

Educational attainment has a tremendous impact on an individual's lifelong earnings potential. As a snapshot in time, per capita income is one of the best measurements of the quality of life and potential buying power of a community's residents.

As can be seen in the following chart, the Kansas City three-county area's per capita income (\$37,258) was well below all three comparison geographies and the nation; only the state of Missouri (\$36,181) had a lower PCI. Between 2004 and 2009, the three-county area of Kansas City experienced a per capita income growth of 11.9 percent, higher than Charlotte City (2.0 percent) and Indianapolis (8.3 percent). While its PCI growth outpaced these communities, it still underperformed relative to Oklahoma City (22.8 percent), Missouri (15.4 percent), and the United States (17.0 percent).

### Per Capita Income, 2004-2009

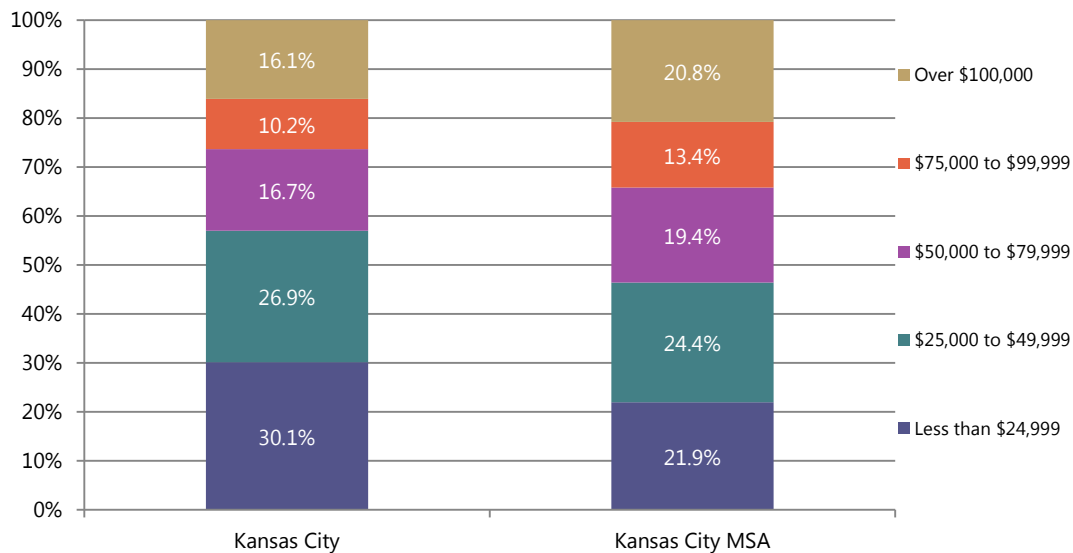


Source: U.S. Bureau of Economic Analysis  
Community names reflect county area.

Earnings power is geographically divided between counties of Clay, Jackson, and Platte and the entire metropolitan area. In 2009, the ratio between the per capita income of the city – represented by the three-county area – and that of the metro area was 92.1 percent, demonstrating that the average individual in Kansas City's core counties earned 7.9 percent less than their metropolitan counterparts. This divide is growing, further segregating the area along economic lines. Between 2004 and 2009, the Kansas City city/metro PCI ratio shrunk by 2.5 percent.

The disparity of income between the city and region is further displayed in the following chart comparing household incomes in the City of Kansas City and the surrounding bi-state metro area. Exactly 57.0 percent of the city's households earn \$49,999 or below with 30.1 percent of total households earning less than \$24,999 a year. In contrast, only 46.4 percent of households earned \$49,999 or less in the metro area with 21.9 percent earning less than \$24,999. The difference between the city and bi-state metro area highlights inter-regional income disparity as well as the concentration of poverty within the urban core.

### Household Income, 2010



Source: U.S. Census Bureau

Community names reflect city except where otherwise noted.

## Poverty

Examining poverty rates is one of the best ways to help gauge a community or region's socioeconomic conditions. Poverty rates are estimated by the U.S. Census Bureau using income measures from annual population surveys. Information including family size, pre-tax income, and number of children are used in determining poverty thresholds. In 2010, the federal poverty threshold for a family of four with two children was \$22,113.

The City of Kansas City's poverty rate stood at 20.4 percent in 2010, a full eight percentage points higher than the surrounding metro area. While all three comparison cities had higher poverty rates than the national average, the City of Kansas City's had the highest poverty rate of all comparison geographies except Indianapolis (21.1 percent). A high concentration of poverty in the urban core is not unique to Kansas City—many cities around the country struggle with high poverty rates especially compared to their surrounding metro areas. Kansas City's total poverty rate rose 6.1 percentage points between 2000 and 2010; only Indianapolis (9.3 percent) and Charlotte (6.6 percent) saw larger increases during this period. Youth poverty reflects similar trends as seen in Kansas City's total poverty rate.

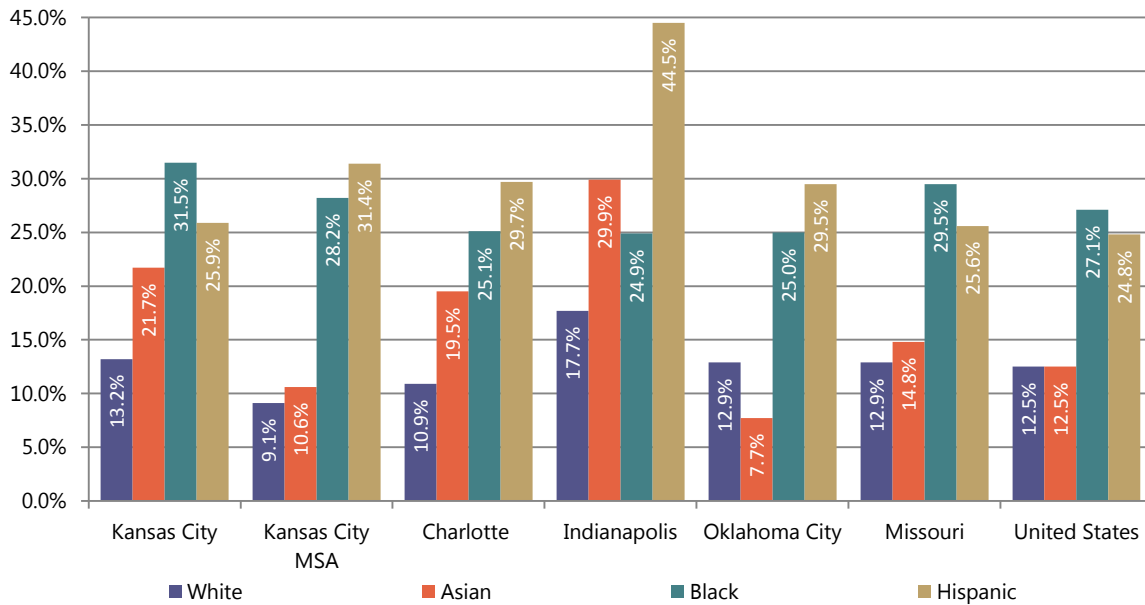
### Poverty Rates, 2000-2010

	Total Poverty			Youth Poverty		
	2000	2010	Change	2000	2010	Change
Kansas City, MO	14.3%	20.4%	6.1%	20.6%	29.3%	8.7%
Kansas City MSA	8.5%	12.4%	3.9%	11.4%	17.7%	6.3%
Charlotte, NC	10.6%	17.2%	6.6%	14.1%	24.1%	10.0%
Indianapolis, IN	11.9%	21.1%	9.3%	16.7%	31.4%	14.7%
Oklahoma City, OK	16.0%	16.8%	0.8%	23.5%	28.0%	4.6%
Missouri	11.7%	15.3%	3.5%	15.7%	20.9%	5.2%
United States	12.4%	15.3%	2.9%	16.6%	21.6%	5.0%

Source: U.S. Census Bureau  
Community names reflect city except where otherwise noted.

Poverty is not only divided between geographic boundaries; it also exists between individuals of different racial and ethnical backgrounds. Within the City of Kansas City, individuals in poverty are considerably more likely to be Black (31.5 percent) or Hispanic (25.9 percent). As the following chart shows, this is an issue shared by almost every comparison city. Of the comparison cities, Kansas City's poverty rate among Blacks (31.5 percent) was the highest while its Hispanic poverty rate (25.9 percent) was equivalent with state and national trends.

### Poverty Status by Race, 2010



Source: United States Census Bureau  
Community names reflect city.

### Total Number of People in Poverty by Race, 2010

	White	Black	Asian	Hispanic
Kansas City, MO	35,063	43,477	2,222	15,563
Kansas City MSA	145,053	70,654	5,003	42,889
Charlotte, NC	42,100	62,757	7,261	28,096
Indianapolis, IN	90,922	55,863	5,230	34,336
Oklahoma City, OK	48,879	21,110	1,542	29,679
Missouri	623,291	197,416	13,304	52,869
Nation	27,951,752	10,099,631	1,801,196	12,306,535

Source: U.S. Census Bureau

Focus group participants acknowledged the negative effects that poverty is having on many City of Kansas City's intown neighborhoods. Poverty exacerbates issues related to public safety, educational performance, and numerous other community dynamics. Basic quality of life issues like education and public safety are huge challenges for low-income communities. One respondent said that solutions will start with "basic" things like good housing, healthy food supplies, education, arts, and move forward from there. Participants want the city to get involved with people "on the ground" and put aside

**grandiose plans for “little wins” that build momentum. Collaboration among social services entities, community groups, and non-profit entities was said to be improving, with more interactions taking place and a strong willingness to collaborate being shown. Entities realize that “they can’t go it alone” and expect to be successful.**

## Workforce Dynamics

In today’s economy, competitive advantage is heavily based on a community’s quality of educational resources and availability of a skilled workforce. Because competition for talent will heighten even more in the years to come, economic growth will increasingly rely on a region’s ability to meet the workforce needs of employers. Therefore, it is essential that regions make wise investments in education and training programs.

### *Pre-K–12 Education*

There is a growing national consensus that high quality early childhood learning and pre-K education can have a significant impact on a child’s educational future and may reduce negative outcomes despite socio-economic challenges. According to the National Institute for Early Childhood Education, 4-year old access to Missouri’s Pre-K programs was ranked 35<sup>th</sup> out of forty states with public Pre-K programs, behind North Carolina (20<sup>th</sup>) and Oklahoma (1<sup>st</sup>). Missouri’s Pre-K programs (32<sup>nd</sup>) ranked below North Carolina (13<sup>th</sup>) and Oklahoma (16<sup>th</sup>) in terms of resources spent on per pupil; however, it is important to note that three-year-olds in the state of Missouri are given access to the state’s Pre-K program. No such program exists for children of this age in North Carolina or Oklahoma. The state of Indiana has no public Pre-K program and was not ranked by the National Institute for Early Childhood Education.

Locally, one way to gauge the availability of early childhood programs is to examine the number of child development centers accredited by the National Association for the Education of Young Children. The City of Kansas City (4.35) had the highest number of accredited facilities per 100,000 residents than Charlotte (1.78), Indianapolis (3.05), Oklahoma (1.90), Missouri (1.84), and the nation (2.23). The high concentration of these facilities relative to its population is a key asset for the city. However, the rising costs of Kansas City Public Schools’ Pre-K program will present a challenge to many families who once used the district’s free Pre-K program. KCPS will now charge \$6,000 per student, with reduced rates for those qualifying for free or reduced price lunches.

### Accredited Child Development Centers

	Facilities	Facilities Per 100,000
Kansas City, MO	20	4.35
Charlotte, NC	13	1.78
Indianapolis, IN	25	3.05
Oklahoma City, OK	11	1.90
Missouri	110	1.84
United States	6,880	2.23

Source: National Association for the Educators of Young Children  
Community names reflect city.

The following table details key information for Kansas City's central school district and largest district in each of the comparison cities: Charlotte-Mecklenburg Schools, Indianapolis Public Schools, and Oklahoma City Schools. More recent data from Missouri Department of Education were used for indicators tracked by No Child Left Behind (NCLB), which requires uniform reporting across districts.

### Key Information, Central School Districts

	Kansas City Public Schools	Charlotte- Mecklenburg Schools	Indianapolis Public Schools	Oklahoma City Public Schools
Total Student Enrollment, 2009-2010	18,424	133,764	33,372	42,549
2 Yr. Change, #	-6,670	2,588	-1,885	1,564
2 Yr. Percent Change	-26.6%	2.0%	-5.3%	3.8%
% Students Eligible for Free or Reduced Lunch	73.2%	51.7%	82.6%	83.4%
2-Yr Change	2.6%	8.9%	2.9%	1.6%
Per Pupil Expenditures, 2007-2008	\$14,115	\$10,162	\$13,833	\$7,957
2 Yr. Change, #	\$2,771	\$729	\$2.00	\$570
2 Yr. Percent Change	24.4%	7.7%	0.0%	7.7%
Student/Teacher Ratio, 2009-2010	12.3	15.3	14.5	16.4
2 Yr. Change, #	-0.4	1.0	0.7	0.2
Graduation Rate, 2008-2009	43.3%	69.2%	35.0%	58.3%
2-Yr Change	-6.8	7.1	-1.4	3.8

Source: National Center for Education Statistics

Note: Charlotte and Oklahoma City each have one main district whereas Kansas City and Indianapolis each have multiple, sizable districts. This analysis shows the largest district in each city.



**Many focus group participants admitted that while the city does have good school districts, the loss of accreditation of Kansas City Public Schools poorly reflects on the city and the greater metro area. There was also a clear consensus that poor school quality may force families with school age children to leave the city. This was affirmed by online survey responses. Over half agreed or strongly agreed that the quality of the schools might force them to move elsewhere. There was less agreement among input participants whether KCPS' loss of accreditation will impact business retention and attraction. Some agreed that the negative national attention may sway firms from choosing Kansas City while others felt that prospects will consider regional educational capacity rather than city-specific districts when making relocation decisions.**

During the 2009-2010 academic year, Kansas City Public Schools enrolled 18,423 children, losing 26.6 percent of its enrollment from the 2007-2008 academic year. This steep decline in student enrollment is likely due to the underperformance of Kansas City Public Schools relative to its surrounding peer districts, which largely contributed to its loss of state accreditation on January 1<sup>st</sup>, 2012. As indicated in a table later in this report, students leaving the district during this time were not annexed by other local districts nor did they matriculate to charter schools or academies. This reality makes the steep decline in student enrollment even more concerning.

Efforts to close nearly half of the Kansas City district's schools were successfully achieved by former Superintendent John Covington, but Covington's comprehensive reform plan has idled after he left the district for another position in Michigan. Opinions differ on the highest value strategies to repurpose nearly 40 shuttered Kansas City school buildings.

More recently, a Missouri Senate committee voted to permanently dissolve Kansas City Public Schools, requiring neighboring districts to annex those schools. While the legislation would not affect the current district boundaries until the 2012-2013 academic year, a local referendum would be held before annexation could be determined. Also included in this bill is a provision creating a scholarship program for students in unaccredited districts to attend private or parochial schools. In 2010, 14.9 percent of all K-12 students in the City of Kansas City attend private or parochial school, a higher percentage than all comparisons. By contrast, approximately 11 percent of metro Kansas City students attend private or parochial schools.

Despite the City of Kansas City's challenges related to public education, some stakeholders feel there is still cause for optimism. Within the city are numerous efforts to increase educational attainment for K-12 students: De LaSalle is undergoing a \$6.2 million dollar expansion and renovation along Troost Avenue, the United Way has invested in the Swope Corridor Renaissance Upper Room Project (a child literacy program), Southwest High School has a health and science-focused curriculum, and UMKC has received a large donation to create an Urban Education Research Center that will train teachers to perform effectively in urban schools.

When it comes to resource allocations, Kansas City Public Schools (\$14,115) spends more on each student than Charlotte-Mecklenburg (\$10,162), Indianapolis Public Schools (\$13,833), and Oklahoma Public Schools (\$7,957). However, higher spending does not necessarily translated into higher student achievement. The graduation rate for an average freshman enrolled in Kansas City Public Schools was 43.3 percent during the 2008-2009 school years, well below the graduation rates for Charlotte-Mecklenburg (69.2 percent) and Oklahoma City (58.3

percent). Yet, one school district in the city does not give a complete picture of the quality of the city's K-12 educational system. As the next table shows, school performance, enrollment, and the percent qualifying for free and reduced price lunches fluctuates widely across the largest school districts within the city.

**Key Information, Kansas City Public School Districts**

	Kansas City Public Schools	North Kansas City	Park Hill	Hickman Mills	Center School District
Total Student Enrollment, 2009-2010	18,424	18,523	10,288	6,642	2,497
2 Yr. Change, #	-6,670	629	296	-425	6
2 Yr. Percent Change	-26.6%	3.5%	3.0%	-6.0%	0.2%
% Students Eligible for Free or Reduced Lunch	73.2%	43.1%	23.6%	74.4%	62.0%
2-Yr Pct. Change	3.2%	8.9%	2.5%	2.0%	2.4%
Per Pupil Expenditures, 2007-2008	\$14,115	\$13,215	\$12,793	\$12,194	\$14,311
2 Yr. Change, #	\$2,771	\$2,732	\$3,187	\$971	-\$488
2 Yr. Percent Change	24.4%	26.1%	33.2%	8.7%	-3.3%
Student/Teacher Ratio, 2009-2010	12.3	14.2	14.9	13.5	11.7
2 Yr. Change, #	-0.4	0	-0.1	1.5	0.3
Graduation Rate	43.3%	93.4%	90.1%	69.2%	74.0%
2-Yr Change	-6.8%	-3.4%	-5.2%	-0.9%	1.6%

Source: National Center for Education Statistics, Missouri Department of Education

Students qualifying for free or reduced price lunches varied across the school districts with Hickman Mills School District (74.4 percent) showing the highest percentage followed by Kansas City Public Schools (73.2 percent), North Kansas City (43.1 percent), and Park Hill (23.6 percent). This measure allows for a comparison of students with families at or near the federal poverty threshold. In the 2009-2010 school year, a family of four earning \$40,793 or below qualified for a reduced price lunch while a similar family earning \$28,665 qualified for a free lunch. Graduation rates also varied across school districts: Kansas City Public Schools (43.3 percent) had the lowest graduation rate while North Kansas City (93.4 percent) had the highest.

Under the federal No Child Left Behind (NCLB) Act of 2001, schools and school districts are measured on adequate yearly progress (AYP), which determines whether students meet performance benchmarks in reading, math, and attendance for third grade through eighth grade. During the 2010-2011 academic year, none of the highlighted school districts within Kansas City met the overall federal accountability standards set forth by NCLB. However, four of the five districts did meet at least one accountability criterion. Center Public Schools met three of the four standards, while Hickman Mills and Park Hill met two out of the four. Although these school districts met the standards, it is important to note that none of the five met academic standards related to communication arts (reading and writing), and four of the five failed to meet standards related to mathematics. Kansas City Public Schools failed to meet any of the criteria set forth in NCLB.

School quality in the City of Kansas City was of paramount concern for both online survey respondents and focus group participants. “Parents, community, and business leaders have a commitment to quality, public K-12 education” was the only statement out of 11 statements about school quality in which a majority of online survey respondents agreed or strongly. “Children in this district receive a high quality education,” “schools in this district provide a safe learning environment,” and “drop-out rates are not a serious problem” had the highest levels of disagreement for online survey respondents. Very little consensus was reached by online survey respondents about what should be done to improve school districts in the City of Kansas City. However, top recommended strategies for improving performance included: new board leadership; parent accountability; hiring quality teachers and administrators; improved curricula; and complete redevelopment of the Kansas City school system.

#### Accountability Standards by District, 2010-2011

	Communication Arts	Mathematics	Attendance Rate	Graduation Rate	Overall
Kansas City Public Schools	Not Met	Not Met	Not Met	Not Met	Not Met
Center	Not Met	Met	Met	Met	Not Met
Hickman Mills	Not Met	Not Met	Met	Met	Not Met
North Kansas City	Not Met	Not Met	Met	Not Met	Not Met
Park Hill	Not Met	Not Met	Met	Met	Not Met

Source: Missouri Department of Education

The ACT is a national college admissions examination composed of four subject areas: English, Mathematics, Reading, and Science. Student performance on college admissions examinations gives some indication of the preparedness of the student population for collegiate studies. In 2010, Center Public Schools (23.0) and North Kansas City (21.3) continued their historically high performance on the ACT exams. Both Park Hill (17.0) and Kansas City Public Schools (16.2) have consistently underperformed relative to their peers between 2006 and 2010; however, it is important to note that Park Hill Public Schools was the only school district to see an increase in its performance between 2009 and 2010.

#### ACT Composite Scores, 2006-2010

	2006	2007	2008	2009	2010
Kansas City Public Schools	17.1	16.3	16.0	16.8	16.2
Center	23.6	23.1	23.0	23.7	23.0
Hickman Mills	19.0	18.1	19.1	18.6	18.2
North Kansas City	21.8	21.9	21.6	21.6	21.3
Park Hill	17.6	16.7	16.8	16.6	17.0

Source: Missouri Department of Education

### ***Post-Secondary Education***

Institutions of higher learning provide significant economic and social benefit within their regions. They educate existing residents, draw young people from outside the region, create value and innovation through research and development, revitalize surrounding neighborhoods, and support existing businesses and industry clusters through targeted training and degree programs.

During the 2009-2010 academic year, the City of Kansas City's 13 public and private not-for-profit higher education institutions enrolled 44,204 students and conferred 6,366 degrees. Although it had fewer students than any comparison city, Kansas City (9.6) enrolled more students per 100 residents than Charlotte (9.1) and Oklahoma City (7.8), but fewer than Indianapolis (10.7). Comprised of smaller but more numerous higher education institutions, Kansas City conferred fewer degrees (6,366) than Charlotte (9,067) and Indianapolis (10,785).

The following table breaks down Kansas City's degrees conferred by level and institution. The University of Missouri at Kansas City (UMKC) accounted for 61.8 percent of all bachelor degrees conferred as well as 54.4 percent of all master degrees and 62.4 percent of all doctoral degrees conferred. UMKC is also home to the Bloch School of Management, which was recently ranked #1 in Innovation Management Research. UMKC is two years along in a campaign to raise \$250 million to fund various programmatic and facility enhancements and development. The university has already raised nearly \$100 million towards its goal and recently took the campaign public. The campaign calls for \$53 million for student scholarships, \$47 million for faculty, and \$7 million to improve student support services. UMKC has stated a goal of increasing its enrollment from 14,000 to 20,000 students in seven years.

Other institutions for higher education provide students with opportunities for degree attainment as well as enhance Kansas City's economic competitiveness. Kansas City University of Medicine and Biosciences enhances the training of medical and bioscience workers in the area, graduating 239 doctoral level students in the 2009-2010 academic year. During the 2009-2010 academic year, Metropolitan Community College (MCC) granted certificates to 320 students and awarded 853 associate degrees. The Health Science Institute located at Metropolitan Community College's Penn Valley campus is a state-of-the-art health care learning facility. Housed within the 190,000 square foot building are modern facilities, simulation stations, classrooms, and a virtual hospital. In order to forge a co-operative, real life learning environment, the Metropolitan Community College has co-located all of its two-year health care degree programs on-site at the Institute. This encourages students to develop the soft skills needed in today's patient care teamwork-oriented health care industry.

### Level of Degrees Conferred, 2009-2010

	Number of Institutions	Enrollment 2009-2010	Students Per 100 Residents	Awards Conferred					Total
				Certificate	Associate	Bachelor	Master	Doctor	
Kansas City, MO	13	44,204	9.6	334	854	2,641	1,675	862	6,366
Avila University		1,893		0	0	260	229	0	489
KC University of Medicine and Biosciences		1,108		0	0	0	50	239	289
City Vision College		99		4	0	6	0	0	10
Kansas City Art Institute		829		1	0	161	0	0	162
MCC-Penn Valley		8,097		184	396	0	0	0	580
MCC-Maple Woods		5,385		20	400	0	0	0	420
MCC-Business & Technology		1,240		116	57	0	0	0	173
Saint Paul School of Theology		321		0	0	0	34	22	56
University of Missouri-Kansas City		20,043		0	0	1,633	911	538	3,082
Rockhurst University		3,578		6	0	482	342	38	868
Midwestern Baptist Theological Seminary		1,075		3	1	37	64	23	128
Nazarene Theological Seminary		351		0	0	0	45	2	47
Saint Luke's College of Health Sciences		140		0	0	62	0	0	62
Charlotte, NC	8	67,175	9.1	848	2,134	4,642	1,348	95	9,067
Indianapolis, IN	9	87,809	10.7	576	1,528	5,290	2,446	945	10,785
Oklahoma City, OK	6	45,519	7.8	1,097	1,625	1,429	831	539	5,521

Source: National Center for Education Statistics

Community names reflect city.

\*Note: Metropolitan Community College campuses Long View and Blue River are not detailed in the table due to their location outside of the Kansas City city limits.

**In contrast to most primary and secondary public education systems, the City of Kansas City's wealth of higher education systems were held in high regard in stakeholder input. No institution of higher education in the City of Kansas City received below an "average" rating in the online survey. Kansas City Art Institute, Kansas City University of Medicine and Biosciences, Rockhurst University, and University of Missouri-Kansas City all obtained an average score of at least "good." Focus group participants and interviewees would like the city's higher educational institutions to be even more effectively leveraged for economic and talent development. While not considered a world-class research institution, UMKC was said to be making strong strides in becoming a residential university with a greater research and development impact.**

## Workforce Development Resources

A number of local workforce development entities complement the work done at local colleges and universities. Among these are the following.

### *Full Employment Council*

The Full Employment Council (FEC) serves as the City of Kansas City's Workforce Investment Board and provides workforce development services to Jackson, Cass, Clay, Platte, and Ray counties. According to the Missouri Department of Economic Development Division of Workforce Development, the FEC provided workforce development services to 28,189 adults in 2011. Of the 18,210 who sought services to enter employment, 53.1 percent entered employment, and 76.0 percent of those seeking employment retention services were able to maintain their employment. Along with its training services, FEC has partnered with local organizations on key initiatives. First Source Hiring Program, a partnership between the City of Kansas City and FEC, is a referral network of qualified workers for construction projects located within the Kansas City metro area. The FEC has also partnered with the Catholic Charities of Kansas City-St. Joseph to deliver paid-internship opportunities at local companies for economically disadvantaged 18 to 24 year olds. The internship requires students to attend academic and work-readiness classes at the Metropolitan Community College.

### *One Kansas City Workforce Innovation in Regional Economic Development (WIRED)*

The One KC WIRED program officially ended in June 30<sup>th</sup>, 2010 after investing \$15 million to enhance workforce development partnerships between private and public sector organizations but its impacts are ongoing. Through the One KC WIRED program, the Mid-America Regional Council trained 1,200 individuals in advanced manufacturing, biotechnology, and health careers as well as completed 3,000 One KC Career Readiness Certificates which assess an individual's job readiness. Along with preparing individuals for careers in advanced manufacturing, biotechnology, and health care fields, the One KC initiative reached out to K-12 schools in order to promote science, technology, engineering, and mathematics (STEM) related education. Project Lead the Way (PLTW) was one such program funded by the One KC initiative to better prepare students for STEM-related careers after high school or collegiate studies.

### *Wal-Mart Foundation/America Works Initiative*

The Mid-America Regional Council was awarded \$500,000 by the Wal-Mart Foundation to fully leverage the impact of the One KC initiative. MARC is using the grant to fund two programs: The Regional Workforce Intelligence Network and Sector-Based Partnerships. The Regional Workforce Intelligence Network will supply local agencies with key labor market information including existing and future job demand, skill requirements, skill gaps, training needs, and other data. Along with a monthly dashboard and newsletter, MARC has completed a survey of employers within the region providing critical information on employers' sales and hiring expectations in an uncertain economic environment. The Sector-Based Partnerships program seeks to forge and promote partnerships between business sectors and community and workforce investment boards.

**Focus group participants in the education and workforce development spheres acknowledged that a true, coordinated "pipeline" preparing students for locally available, high-value occupations does not yet exist in Kansas City. However, gains are being made. One issue is that the education and training**

community has yet to sit down with local employers and pointedly ask them about their workforce needs and then “reverse-engineer” the training pipeline to meet these needs. Educators also need industry to demonstrate to students why certain learning skills are necessary to obtain quality employment. They need to “make learning practical” and show how theory is applied in practice. Because Kansas City’s economy is so diverse, it also creates challenges to translate that diversity into educational programs.

## KEY TAKEAWAYS

The following key findings/takeaways from the PEOPLE section will directly inform the development of strategies to address the challenges, threats, opportunities and priority issues that emerged from the Competitive Snapshot research.

- ✓ Slow and unevenly distributed population growth is hampering revitalization efforts in disinvested Kansas City neighborhoods and preventing the densification that could make retail and transit more viable.
- ✓ Out-migration of higher income city Kansas City residents to suburban communities – predominantly Johnson County in Kansas – is weakening the city’s tax base and increasing its concentration of poverty. The three core Kansas City counties lost over \$100 million in cumulative wealth to suburban counties from 2004 to 2009.
- ✓ Though the City of Kansas City is diversifying, it is still racially segregated. This dynamic creates the potential for continued racial polarization in the city and hampers efforts to collaborate on issues of public safety and educational improvement. The city’s African-American poverty rate is higher than all comparison geographies profiled in this report.
- ✓ Perceptions about the quality of Kansas City public education – particularly in the Kansas City Public School district – are the greatest barriers to the city’s future vitality as residents and businesses continue to show disinclinations to invest in the city because of talent development concerns. “Pipelines” preparing local students for high-value occupations are said to be lacking, with the business community less engaged in and connected to education and training institutions than in many best-practice communities.

## PROSPERITY

This section focuses on the City of Kansas City's economic competitiveness and its ability to generate employment and wealth. Key trends in employment, labor force, and wage dynamics will be complemented by a more detailed analysis of business climate, business costs, and small business and entrepreneurial activity. A breakdown of employment and relative concentration by sector for the three-county core Kansas City area will be supplemented by city level data provided by the United States Census Bureau.

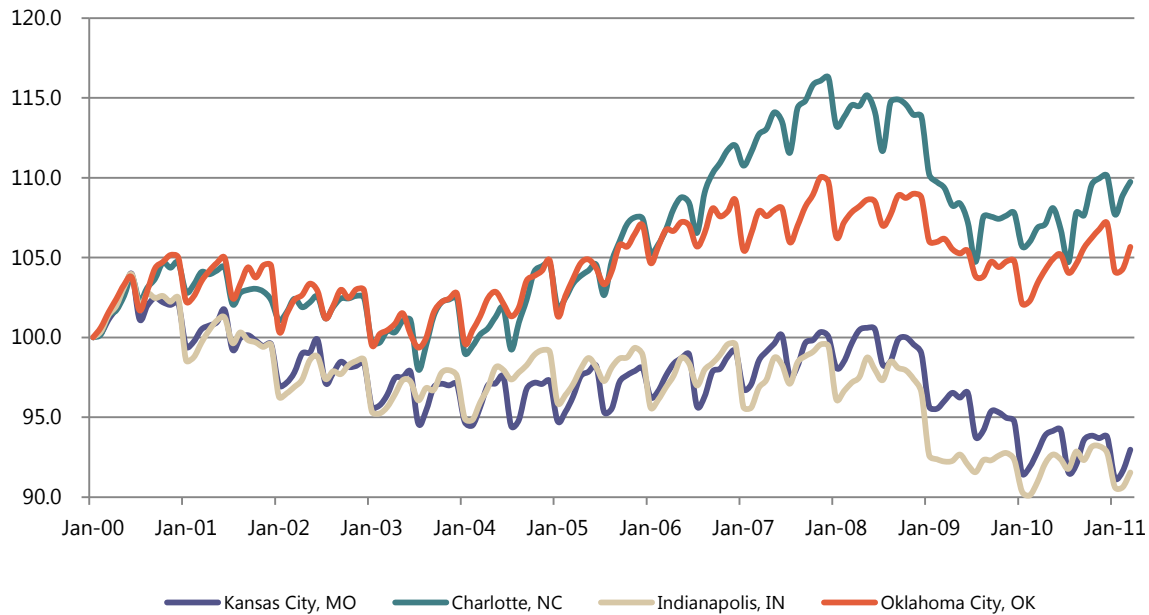
### Growth and Productivity

The following chart displays an index of employment growth where the level of employment in each geography in January 2000 is set to a value of 100. The Great Recession restricted employment recovery in Kansas City's three-county core area, sending its most recent employment levels to those not seen since March 1994. After losing 6.2 percent of its total employment between June 2000 and June 2004, the core area entered a four year recovery period gaining 3.0 percent of total employment between June 2004 and June 2008. However, this gain was negated by the impact of the Great Recession.

Employment decreased by 6.3 percent between June 2008 and June 2010 in the combined Kansas City core of Clay, Jackson, and Platte counties. Only Indianapolis ended the eleven year period worse off. Charlotte and Oklahoma City realized job growth throughout the decade and, although the Great Recession has abated employment levels in these cities, both areas are still well above January 2000 employment figures.



### Index of Employment, January 2000 to March 2011



Source: U.S. Bureau of Labor Statistics, Moody's Economy.com  
Community names reflect county area.  
Note: Figures are not seasonally adjusted.

The following table details the recessionary effects on employment levels for Kansas City's three-county core area and the broader metropolitan area. As the table shows, Kansas City has lagged behind two of its peer communities, the state, and the nation for the majority of the decade.

After experiencing marginal employment growth of .03 percent between January 2000 and December 2007 within the core three-county area and 5.25 percent metro-wide, Kansas City only lost 3.5 percent of its employment during the recessionary period. Charlotte (-7.8 percent), Indianapolis (-7.5 percent), Oklahoma City (-3.9 percent), Missouri (-3.8 percent), and the United States (-5.4 percent) all underwent steeper job reductions.

However, Kansas City has underperformed against its peer communities after the official end of the recession, losing 3.7 percent of its total employment. The state of Missouri (-3.0 percent) and the United States (-3.6 percent) were the only other geographies that suffered similar job loss rates.

**Total Employment, January 2000 to March 2011**

	Employment				% Change		
	January 2000	December 2007	June 2009	March 2011	Jan. 00 to Dec. 07	Dec. 07 - Jun. 09	Jun. 09 to Mar. 11
Kansas City, MO	502,560	502,732	485,119	467,217	0.03%	-3.5%	-3.7%
Kansas City MSA	941,848	991,332	956,135	925,243	5.25%	-3.6%	-3.2%
Charlotte, NC	497,915	578,920	533,806	546,421	16.3%	-7.8%	2.4%
Indianapolis, IN	592,314	589,024	545,077	542,203	-0.6%	-7.5%	-0.5%
Oklahoma City, OK	459,591	504,245	484,508	485,648	9.7%	-3.9%	0.2%
Missouri	2,615,530	2,746,347	2,641,511	2,562,283	5.0%	-3.8%	-3.0%
United States	126,352,639	137,040,511	129,648,129	124,990,056	8.5%	-5.4%	-3.6%

Source: U.S. Bureau of Labor Statistics, Moody's Economy.com

Community names reflect city.

Note: Figures are not seasonally adjusted.

Greater Kansas City's underperforming economy resulted in the Milken Institute downgrading the region's ranking on the Best Performing Cities list from 60<sup>th</sup> in 2010 to 137<sup>th</sup> in 2011 among the country's largest 200 metros. Only two metro areas declined further on the rankings than Kansas City. As shown in the following table, one-year job growth, short-term high tech GDP growth, and longer-term high tech GDP growth contributed to the metro area's overall poor ranking.

While high tech GDP is actually fairly concentrated in metro Kansas City (as reflected by competitive location quotient rankings), this position may be threatened by slower high tech GDP growth than other large U.S. metros.

### Milken Institute's Best Performing Cities, 2011

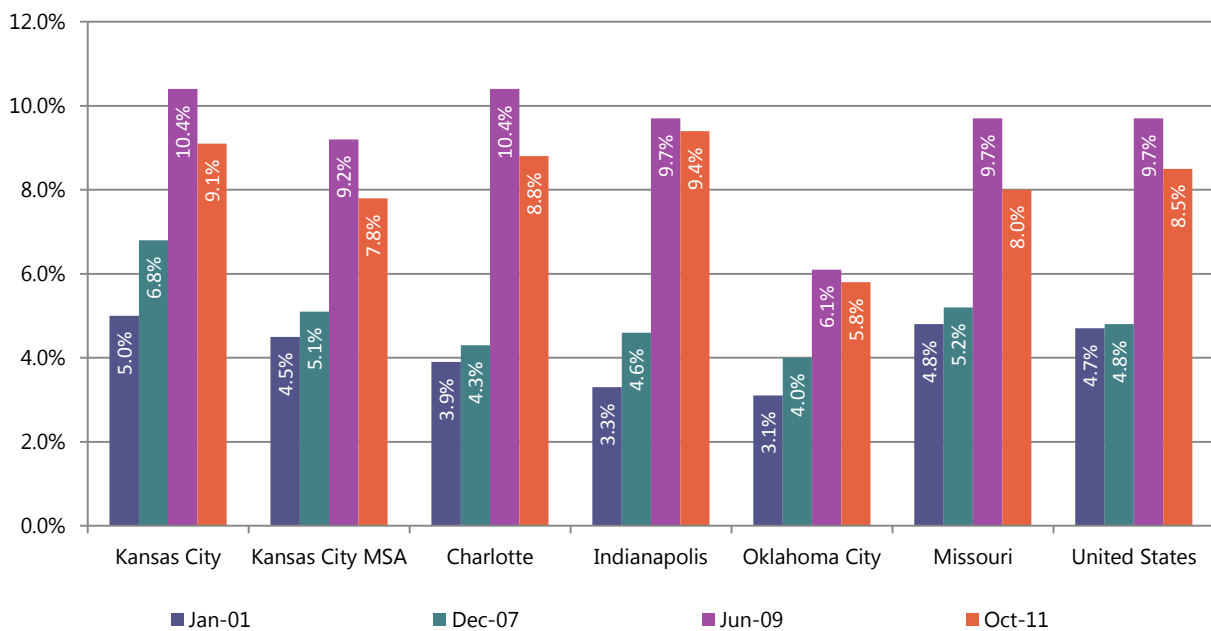
	Kansas City MSA	Charlotte MSA	Indianapolis MSA	Oklahoma City MSA
Composite Rankings				
2010	60	62	112	21
2011	137	114	121	50
2011 Sub-Component Rankings				
5 Year Job Growth	74	38	92	40
1 Year Job Growth	166	130	65	87
5 Year Wages/Salaries	85	70	145	27
1 Year Wages/Salaries	106	179	124	55
Job Growth Percent	177	128	174	29
5 Year Relative HT GDP Growth	141	31	80	97
1 Year Relative HT GDP Growth	188	132	120	196
High Tech GDP LQ 2010	35	111	33	167
# of HT GDP LQs over 1, 2010	42	103	70	130

Top 10 Biggest Decliners			
Metropolitan Area	Spots Declined	2011 Rank	2010 Rank
Lafayette, LA MSA	-82	93	11
Visalia-Porterville, CA MSA	-81	151	70
Kansas City, MO-KS MSA	-77	137	60
Olympia, WA MSA	-69	105	36
Manchester-Nashua, NH MSA	-68	158	90
Albany-Schenectady-Troy, NY MSA	-65	106	41
Gary, IN MD	-65	195	130
Hagerstown-Martinsburg, MD-WV MSA	-65	175	110
Baton Rouge, LA MSA	-63	89	26
Bridgeport-Stamford-Norwalk, CT MSA	-58	169	111

Source: Milken Institute. Rankings are among the nation's 200 largest metro areas with 1=most competitive position.  
Community names reflect the metro area.

The City of Kansas City's unemployment rate over the decade of the 2000s has been higher than all three comparison communities, the state, and the nation, though the impacts of the Great Recession also negatively affected the peer cities. The City of Kansas City's October 2011 (9.1 percent) rate was higher than the Kansas City Metro Area (7.8 percent), Charlotte (8.8 percent), Oklahoma City (5.8 percent), Missouri (8.0 percent), and the nation (8.5 percent). As shown in upcoming discussion on labor force participation, both Charlotte and Oklahoma's unemployment rates mask the number of long-term unemployed workers who are choosing to exit the labor force.

**Unemployment Rates, Selected Time Periods**



Source: U.S. Bureau of Labor Statistics

Community names reflect city.

Note: Figures are not seasonally adjusted.

Labor force participation rates (LFPR) offer a more nuanced view of employment dynamics within a given area. Unemployment rates only measure the unemployment status of those adults who are actively seeking work and receiving unemployment benefits. Yet many eligible workers may not be employed and may not be receiving benefits for any number of reasons. Labor force participation rates measure the percentage of the potential workforce that is employed or looking for work divided by the total working aged population available from the U.S. Census Bureau (ages 20 to 69).<sup>1</sup> The remaining adults comprise the so-called "hidden workforce" because

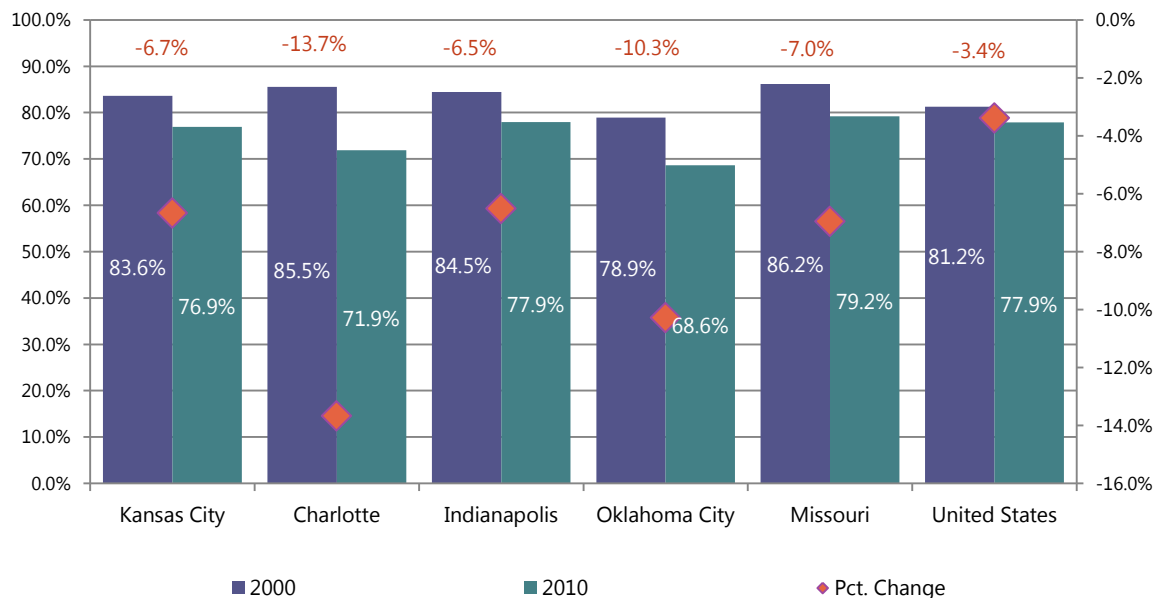
<sup>1</sup> Those that are no longer actively seeking work are not considered to be part of the labor force. Those individuals that have accepted part-time work for economic reasons – meaning that they would like full-time work but have been forced to settle for part-time work – are included as employed individuals and are therefore included as part of the labor force.

they have dropped out of the workforce, given up looking for a job, or choose not to work. If the cost of living is low, some families may choose to have one earner in the family, especially if the working householder is a professional.

The City of Kansas City's labor force participation rate stood at 76.9 percent in 2010; only Indianapolis (78.2 percent), Missouri (79.2 percent) and the United States (77.9 percent) had slightly higher rates. The cities of Charlotte (71.9 percent) and Oklahoma City (68.6 percent) were more adversely affected by double digit declines in their labor force participation rates, signifying that long-term unemployed workers who are choosing to exit the labor force are more of a concern in these communities.

**Most input participants who were knowledgeable about the local workforce said that talent in the City of Kansas City is a competitive advantage. One CEO of a local company stated that he had to "remind" workers that it was time to go home or suggest that they take a vacation to spend time with their families. When asked to state the "greatest strength" of the Kansas City's workforce, online survey respondents overwhelmingly identified the city's "Midwest" work ethic and its level of education. However, a 2011 survey of existing businesses conducted by the KC Best initiative identified multiple workforce-quality concerns expressed by Kansas City area employers.**

**Labor Force Participation Rates, 2000-2010**



Source: U.S. Bureau of Labor Statistics via Moody's, U.S. Census Bureau

Community names reflect city.

Note: Figures are not seasonally adjusted

The following table displays the ratio of jobs (employment located within Kansas City's three-county core area) to the working-age resident population. In 2010, 71 jobs existed for every 100 residents within Jackson, Platte, and Clay counties, signifying that some workers commute outside of area for employment opportunities. Similar to Kansas City, the core counties of Charlotte (0.84) and Oklahoma City (0.89) were net exporters of workers, albeit to a lesser extent. Kansas City's lower ratio is likely due to the intricacies of the state-line and resulting employer/worker location decisions. While the ratio of employment to working age population gives a good overview of worker migration patterns in the core county areas, the ratio can mask the importance of the urban cores as major employment centers.

**Ratio of Employment to Working Age Population, 2010**

	Total Employment	Total Working Age Resident Population (18-69)	Ratio of Jobs to Working-Age Resident Population
Kansas City, MO	467,738	660,101	0.71
Charlotte, NC	535,387	635,563	0.84
Indianapolis, IN	545,203	610,842	0.89
Oklahoma City, OK	481,234	658,404	0.73

Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau  
Community names reflect county area.

The United States Census Bureau calculates worker movements into (inflow) and out of (outflow) specific geographic areas. In 2009, the City of Kansas City had a net inflow of 62,852 workers, or 45.3 percent of total employment.<sup>2</sup> Only Charlotte (47.3 percent) had a higher ratio of its workers coming into the city for employment. However, Kansas City (27.1 percent) had the lowest percentage of residents who both lived and worked in the city, a full 6.1 percentage points behind Charlotte.

<sup>2</sup> Worker inflow and outflow analysis gives insight into whether a local geographic area is primarily a receiver or supplier of labor. Percentages were calculated by dividing the numbers of workers entering (inflow), leaving (outflow) or staying within (stay) the city for work by the total number of workers. For example, 45.3 percent of the city's total employment traveled into the city of Kansas City to work indicating that the city is a major employment center.

### Worker Inflow and Outflow for All Primary Jobs, 2009

	Number			Percent		
	Inflow	Outflow	Net	Inflow	Outflow	Stay
Kansas City, MO	161,010	98,158	62,852	45.3%	27.6%	27.1%
Charlotte, NC	245,525	101,381	144,144	47.3%	19.5%	33.2%
Indianapolis, IN	271,730	105,972	165,758	45.2%	17.6%	37.1%
Oklahoma City, OK	165,519	78,246	87,273	41.6%	19.7%	38.7%

Source: U.S. Census Bureau  
Community names reflect city.

## Economic Structure

Economic diversification and job and wage growth are key barometers of a local economy's health and stability. Job opportunities for workers with a broad range of skills within a variety of industry areas not only make a community more attractive to workers but also help support local economies in times of recession and industry change.

### *Employment, Wages, and Location Quotients by Sector*

Location quotients are an effective means of determining the comparative strength of an employment sector in a community compared to a larger area. Location quotients (LQ) are ratios representing the strength of a local business sector in relation to the national average. They are represented formulaically as:

$$LQ = \frac{(\text{Local Employment in Sector} / \text{Total Local Employment})}{(\text{National Employment in Sector} / \text{Total National Employment})}$$

If a location quotient is greater than 1.00, the community has a larger share of employment in that sector than the nation. An LQ greater than 1.00 suggest sectors for which the economy has developed strength, indicating a possible comparative advantage. Conversely, if a location quotient is less than 1.00, this indicates a smaller local share of employment than the nation.

The following table shows total employment, location quotients, and average annual wages for Kansas City's three-county core area in the first quarter of 2011, the most recent data available. Kansas City's three-county core area enjoys concentrations of employment higher than the national average in nine out of 17 industries.

Industries with particularly high concentrations of employment in core Kansas City include information (1.44), finance and insurance (1.39), management of companies and enterprises (1.40), and professional and technical services (1.24). Of these industries, information (11.0 percent) and real estate and leasing (10.1 percent) are undergoing rapid one-year employment growth after suffering from five-year employment declines of 26.9 percent and 21.4 percent, respectively.

Meanwhile, management of companies and enterprises saw both one-year (-8.8 percent) and five-year (-18.0 percent) employment declines, while professional and technical services experienced positive five-year growth (5.3 percent) but short term job loss (-2.9 percent).

Other rapidly growing industries in the core three-county Kansas City area over the last five years include public administration (17.4 percent), accommodation and food services (5.3 percent), professional and technical services (5.3 percent) and health care and social assistance (13.5 percent), which have all shown substantial longer term job gains despite recessionary impacts. These employment gains have been offset by large five-year employment losses in information (-26.9 percent), construction (-34.8 percent), real estate and rental and leasing (-21.4 percent), arts, entertainment and recreation (-20.2 percent), manufacturing (-16.0 percent, and management of companies and enterprises (-18.0 percent) sectors.<sup>3</sup>

Of the 11 business sectors experiencing one-year job loss, only public administration saw negative job loss in both Kansas City's core county area and the nation.

After suffering from substantial employment decline between the first quarters of 2006 and 2011, the information technology sector in Kansas City has been bolstered by positive news. The relocations of Data Systems International (a mobile app IT company) and Netsmart (a medical-related IT Firm) indicate that Kansas City continues to hold competitive advantages for this sector.

Local officials and business leaders expect that Kansas City, Missouri's partnership with Kansas City, Kansas and Google to bring ultra-speed internet infrastructure into the region will supply local IT businesses and entrepreneurs with access to infrastructure that the majority of other cities in America do not yet possess. Leveraging the Google Fiber project for regional growth and investment is a priority concern for economic developers on both sides of the state line.

**Online survey respondents were given the opportunity to invest \$20 tax dollars in a variety of industries in order to jumpstart the local economy. Industries receiving the highest number of tax dollars were: educational services, manufacturing, information technology, clean and green business, and scientific and technical services.**

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<sup>3</sup> Employment losses in the arts, entertainment, and recreation sector are likely due to a reclassification of gambling-related employment in Clay County. The Quarterly Census of Earnings and Wages reports all gambling-related employment under one of two sectors for the hotel-casino industry. The reclassification is dependent on whether the casino (employment classified under arts, entertainment, and recreation) or the hotel (employment classified under accommodation and food services) generates the primary source of revenue for the business. Such a shift of employment occurred in Clay County which accounted for the entirety of arts, entertainment, and recreation job losses in the three-county area between 1Q2006 and 1Q2011. Jackson and Platte Counties added arts, entertainment, and recreation employment during this time period.



## Kansas City Three-County Area: Employment and Location Quotients, First Quarter 2011

Business Sector Title	Employment, 1Q2011			One Year Change			Five Year Change		
	Total	Share	LQ	Net	Pct.	US %	Net	Pct.	US%
Total, all industries	461,980	100%	1.00	716	0.2%	1.3%	-24,686	-5.1%	-3.4%
1-Year Job Growth									
Educational services	33,427	7.2%	0.73	1,352	3.9%	-0.2%	-9	0.0%	4.2%
Finance and insurance	27,873	6.0%	1.39	132	0.5%	0.0%	-199	-0.7%	-5.0%
Construction	17,231	3.7%	0.90	1,037	5.7%	-1.3%	-9,182	-34.8%	-1.9%
Information	14,611	3.2%	1.44	1,802	11.0%	-1.8%	-5,367	-26.9%	-6.0%
Arts, entertainment, and recreation	8,259	1.8%	1.10	24	0.3%	0.9%	-2,089	-20.2%	-7.3%
Real estate and rental and leasing	7,305	1.6%	1.05	817	10.1%	-1.0%	-1,985	-21.4%	-5.4%
1-Year Job Loss									
Health care and social assistance	65,830	14.2%	1.00	-990	-1.5%	1.5%	7,835	13.5%	6.8%
Retail trade	49,938	10.8%	0.95	-1,117	-2.3%	1.1%	-2,776	-5.3%	-28.9%
Accommodation and food services	42,306	9.2%	1.06	-598	-1.4%	2.3%	2,060	5.1%	3.7%
Manufacturing	36,315	7.9%	0.86	-354	-1.0%	1.6%	-6,922	-16.0%	16.9%
Professional and technical services	34,765	7.5%	1.24	-984	-2.9%	2.6%	1,735	5.3%	-11.8%
Public Administration	23,971	5.2%	0.91	-112	-0.5%	-1.3%	3,546	17.4%	1.5%
Administrative and waste services	23,142	5.0%	0.86	-84	-0.4%	6.0%	-912	-3.8%	-11.3%
Wholesale trade	20,290	4.4%	1.02	-48	-0.2%	1.1%	-1,925	-8.7%	0.5%
Transportation and warehousing*	17,369	3.8%	0.97	-513	-3.0%	1.5%	-2,026	-10.4%	-18.1%
Other svcs, exc. public administration	15,013	3.2%	0.94	-249	-1.7%	1.0%	-245	-1.6%	11.7%
Mgmt of companies and enterprises	9,664	2.1%	1.40	-780	-8.8%	2.9%	-2,128	-18.0%	-8.0%

Source: U.S. Bureau of Labor Statistics

\*Due to U.S. BLS suppression issues, estimates from the U.S. Census Quarterly Workforce Indicators (4Q2005 and 4Q2010) were utilized.

Notes: Data for the following subsectors are not included because each accounts for less than 0.5 percent of the Kansas City's total employment: agriculture, forestry, fishing, and hunting; mining, quarrying, and oil and gas extraction; and utilities.

External marketing and business attraction efforts are sector-focused and coordinated by the Kansas City Area Development Council. The KCADC's current featured industries include:

- Advanced Energy
- Biosciences
- Contact Centers
- Data Centers
- Distribution
- Financial Services

- Headquarters
- Manufacturing

Three of the KCADC's targeted industries have aggressive and comprehensive marketing campaigns focused on the region's competitive advantages for this employment. These include the Animal Health Corridor focused on animal science development; the KC SmartPort focused on logistics opportunities; and KC Advanced Energy directed towards growth in the clean/green/sustainable energy market.

Recent news stories and announcements shed additional light on Kansas City's capacity and competitiveness for key industries. Information includes:

- Greater Kansas City was named seventh in the country for "Top Regions for Heavy Metal" by NewGeography.com. The ranking was based on ten, five, two, and one-year job growth rate and job momentum as well as 2011 industry concentration in 148 six-digit NAICS sectors focused on metal, machinery, and transportation equipment manufacturing.
- Ford Motor Company announced in 2011 that they would invest \$1.1 billion in its metro Kansas City plant in Claycomo. The enhancement would create 1,600 jobs and retrofit an additional Ford 150 truck line and a new line for its TransitConnect van.
- The University of Kansas (KU) is preparing an application to the National Cancer Institute to certify its Medical Center in Greater Kansas City as a designated cancer center. The designation has the potential to bring millions of dollars in federal grants and attract research money from entities such as the American Cancer Society. For the past six years, KU has made National Cancer Institute designation its number one research priority with almost \$350 million in private and public money reportedly spent on the effort.
- The Stowers Institute for Medical Research announced it has reached the "intellectual critical mass" necessary to launch a research-based PhD program in biology beginning in fall 2012.
- Two of the Greater Kansas City Chamber's Big 5 strategies are focused on growing local industry sectors. "Growing Kansas City's Medical Research, from Discovery to Cure" attempts to leverage recent grant awards and collaborations and also explore the feasibility and funding options for establishing an Institute for Translational Research. The other strategy proposes hosting the Global Symposium on Innovation in Animal Health in Greater Kansas City.
- While the convention and tourism sector in Kansas City has experienced a slight downturn, Kansas City's hotel industry has seen twenty-two consecutive months of year over year demand and revenue growth. This growth is largely driven by the leisure segment which represents 82 percent of travelers to Kansas City. In 2011, over 6.6 million hotel rooms were sold – nearly 200,000 rooms above the previous record year in 2008. Meanwhile, discussions are stalled on the development of a new one thousand room convention hotel and the "big three" downtown convention hotels need "sprucing up," according to the Kansas City Star. Pending definitive convention hotel development, the Convention and Visitors Association Board feel that Kansas City should step up its promotion efforts in other, more fertile

tourism segments. National media is increasingly identifying Kansas City as a top travel destination. In the last few months, Kansas City claims the only American City to be listed on Frommer's "Top Destinations for 2012," Travel and Leisure ranked the city the most "Affordable Getaway" in the country, and on the Today Show, Saveur magazine named Kansas City as its new culinary destination for 2012.

In contrast to Kansas City's periodic employment declines, wages in the three-county core area have consistently risen across many business sectors over both five-year and one-year periods. Of 17 measured business sectors, ten experienced wage growth over a one-year period while 15 saw five-year wage rates increase. The three-county Kansas City core area's wages grew by \$3,160 (7.5 percent) over a five-year period, pushing the area close to wage equilibrium with the average community nationwide.

Workers in transportation and warehousing (12.1 percent), real estate and rental and leasing (18.0 percent), professional and technical services (15.4 percent), and construction (12.9 percent) made significant wage gains over the five-year period, while also enjoying positive one-year wage growth.

Wages in health care and social assistance (\$43,934), arts, entertainment, and recreation (\$32,066), and construction (\$53,571) were all higher in the Kansas City core area than the national average. Even though above-average wages increase the cost of doing business, more importantly they make Kansas City more competitive for high-skill talent, especially considering the community's low cost of living.

### Kansas City Three-County Area: Average Annual Wage by Business Sector, First Quarter 2012

Business Sector Title	Wages, 1Q2011		One Year Change			Five Year Change		
	AAW	% of US	Net	Pct.	US %	Net	Pct.	US%
Total, all industries	\$45,333	93.3%	\$829	1.9%	5.2%	\$3,160	7.5%	11.0%
More than 90% of 3-county average annual wage								
Finance and insurance	\$82,076	71.1%	\$5,889	7.7%	10.3%	\$6,128	8.1%	11.9%
Mgmt of companies and enterprises	\$78,548	64.2%	-\$2,656	-3.3%	9.7%	-\$463	-0.6%	17.0%
Professional and technical services	\$71,010	92.5%	\$489	0.7%	5.3%	\$9,456	15.4%	15.8%
Information	\$63,785	78.8%	-\$4,291	-6.3%	9.5%	\$2,833	4.6%	16.5%
Manufacturing	\$57,607	95.1%	\$3,713	6.9%	7.8%	\$7,369	14.7%	13.9%
Wholesale trade	\$56,125	84.9%	\$3,623	6.9%	6.6%	\$3,651	7.0%	12.2%
Construction	\$53,571	112.5%	-\$473	-0.9%	2.6%	\$6,130	12.9%	11.4%
Public Administration	\$52,845	98.8%	\$313	0.6%	2.4%	\$1,750	3.4%	11.9%
Health care and social assistance	\$43,934	104.4%	\$1,938	4.6%	3.3%	\$4,271	10.8%	11.3%
Transportation and warehousing	\$41,665	90.4%	\$5,084	13.9%	5.3%	\$4,502	12.1%	7.5%
Real estate and rental and leasing	\$41,036	88.8%	\$3,506	9.3%	7.4%	\$6,251	18.0%	7.2%
Less than 90% of 3-county average annual wage								
Educational services	\$34,634	83.6%	-\$270	-0.8%	1.2%	\$2,346	7.3%	10.9%
Arts, entertainment, and recreation	\$32,066	103.5%	-\$10,996	-25.5%	2.1%	-\$5,164	-13.9%	5.5%
Other svcs, exc. public administration	\$28,483	97.6%	-\$8	0.0%	3.3%	\$1,288	4.7%	10.2%
Administrative and waste services	\$28,203	84.4%	-\$510	-1.8%	3.1%	\$2,280	8.8%	13.5%
Retail trade	\$25,335	96.5%	\$836	3.4%	4.1%	\$1,479	6.2%	3.5%
Accommodation and food services	\$15,943	93.8%	\$399	2.6%	3.2%	\$1,310	8.9%	8.7%

Source: U.S. Bureau of Labor Statistics

\*Due to U.S. BLS suppression issues, estimates from the U.S. Census Quarterly Workforce Indicators (4Q2005 and 4Q2010) were utilized.

Notes: Data for the following subsectors are not included because each accounts for less than 0.5 percent of the Kansas City's total employment: agriculture, forestry, fishing, and hunting; mining, quarrying, and oil and gas extraction; and utilities.

The following supplemental tables are derived from the Longitudinal Employer-Household Dynamics (LEHD) data series published by the United States Census Bureau. While the data allows for city-level business sector analysis, location quotients cannot be calculated because national figures do not exist. As a percentage of total employment, health care and social assistance (13.6 percent), professional, scientific, and technical services (9.0 percent), retail trade (8.3 percent), accommodation and food services (8.0 percent), and finance and insurance (7.8 percent) accounted for the largest employment sectors in the City of Kansas City. Of these sectors, only health care and social assistance grew in both the one-year (4.4 percent) and five-year (7.8 percent) time periods. Seven of the city's business sectors declined in both time periods. Information (-34.5 percent),

manufacturing (-14.7 percent) and retail trade (-7.2 percent) experienced the largest declines in employment over the five-year period between 2004 and 2009. Sectors experiencing long-term growth in the City of Kansas City include arts, entertainment and recreation (29.0 percent), management of companies and enterprises (19.8 percent), and professional, scientific, and technical services (10.0 percent). With its 2006 completion, the construction of H&R Block's World Headquarters represented significant investment in the city's downtown area and likely contributed to employment gains in the city's professional, scientific and technical services and management of companies sectors between 2004 and 2009.

### City of Kansas City Work Area Profile: Employment by Place of Work, 2009

Business Sector	Employment		One Year Change		Five Year Change	
	Total	% of Total	#	%	#	%
Agriculture, Forestry, Fishing and Hunting	151	0.1%	-16	-9.6%	21	16.2%
Mining, Quarrying, & Oil & Gas Extraction	144	0.1%	83	136.1%	102	242.9%
Utilities	2,888	1.1%	345	13.6%	708	32.5%
Construction	11,396	4.4%	-1,233	-9.8%	564	5.2%
Manufacturing	16,574	6.4%	-1,860	-10.1%	-2,867	-14.7%
Wholesale Trade	12,408	4.8%	-990	-7.4%	-268	-2.1%
Retail Trade	21,334	8.3%	-500	-2.3%	-1,663	-7.2%
Transportation and Warehousing	12,157	4.7%	-1,750	-12.6%	-1,100	-8.3%
Information	10,908	4.2%	-1,177	-9.7%	-5,746	-34.5%
Finance and Insurance	20,083	7.8%	-255	-1.3%	1,097	5.8%
Real Estate and Rental and Leasing	5,130	2.0%	-183	-3.4%	-243	-4.5%
Professional, Scientific, & Technical Services	23,081	9.0%	-345	-1.5%	2,097	10.0%
Management of Companies and Enterprises	7,767	3.0%	-1,030	-11.7%	1,282	19.8%
Administrative and waste services	15,522	6.0%	-2,246	-12.6%	-894	-5.4%
Educational Services	18,533	7.2%	-34	-0.2%	419	2.3%
Health Care and Social Assistance	35,035	13.6%	1,476	4.4%	2,538	7.8%
Arts, Entertainment, and Recreation	5,922	2.3%	107	1.8%	1,332	29.0%
Accommodation and Food Services	20,547	8.0%	-1,567	-7.1%	565	2.8%
Other Services (exclud. PA)	8,735	3.4%	-126	-1.4%	486	5.9%
Public Administration	8,840	3.4%	87	1.0%	418	5.0%
<i>Total</i>	<i>257,155</i>	<i>100%</i>	<i>-11,214</i>	<i>-4.2%</i>	<i>-1,152</i>	<i>-0.4%</i>

Source: U.S. Census Bureau, On the Map

## Business Climate

This section will briefly review some key factors that impact the City of Kansas City's ability to attract, retain, and create new businesses. This includes existing-business support services, business costs such as utility and tax rates, business climate rankings, small business lending activity, and entrepreneurship rates.

### *Existing Business Services*

Public input stakeholders said that, for years, business retention and expansion efforts in the City of Kansas City were disjointed, haphazard, and ineffectual. However, they are encouraged by a new existing-business coalition called KC Best (Business Expansion Support Team) that leverages corporate executives and staff of the Greater Kansas City Chamber, Economic Development Corporation of Kansas City, Downtown Council to visit Kansas City companies and determine how best to support their expansion.

KC Best recently released the results of its 2011 Business Survey of Kansas City companies. The following are the "most important issues" reported by local businesses:

1. Safety/security
2. Maintenance of city streets/buildings
3. Image of area
4. Police/fire/ambulance services
5. Attitude of local government to business
6. City water service
7. Worker productivity
8. Quality of workforce
9. City stormwater control
10. Education/skills of workforce

Another recent development with the potential to better facilitate growth opportunities for local businesses is the re-launch of the World Trade Center Kansas City. The Center, located at Union Station, provides services including hosting and mounting trade missions and events, educating international trade professionals, and other assistance to help businesses develop new trade relationships.

### *Taxes and Business Climate Competitiveness*

State and local tax climates weigh heavily into a company's decision to locate in a community. Municipalities with non-competitive tax structures also risk driving away companies that are already located in the area. An inability or unwillingness to provide competitive incentive packages and tools limits a region's ability to attract and expand high-value firms. Yet offering too many incentives in a highly competitive incentive environment can also cause communities to quickly "race to the bottom" by outbidding competitors without ensuring that the relocation will have a positive impact on the local economy.

**Over seven out of ten survey respondents were either neutral or agreed with the statement that the City of Kansas City had a "business friendly" climate. Networking opportunities with other entrepreneurs,**

**business incubation or low-cost business space, and small business start-up and development assistance were all aspects ranked highly by the corporate professionals. Ease and speed of the permit review process and availability of capital earned the lowest ranking among the business community and was also the subject of criticism from focus groups and interview participants.**

The non-profit Tax Foundation developed its State Business Tax Climate Index as a tool for policy makers to gauge the competitiveness of state tax systems. The Tax Foundation recognizes that several issues affect a state's overall business climate, including its transportation infrastructure, legal structures, quality of life, and workforce. This index does not take any of these other issues into account. It looks strictly at each state's taxing structure and ranks competitiveness in this regard alone.

The tax climate index has five components, which are not weighted equally. These include: Corporate Tax; Individual Income Tax; Sales Tax; Unemployment Insurance Tax; and Property Tax. More weight is given to components that have greater variability among them.

The following table gives a detailed account of the Tax Foundation's five category rankings by state. Missouri's competitive business climate ranking was aided by its strong corporate income (5<sup>th</sup>), unemployment insurance (9<sup>th</sup>), and property (11<sup>th</sup>) tax rankings. North Carolina, Indiana, and Oklahoma all had a least one category in which they ranked higher than the state of Missouri. Both North Carolina (6<sup>th</sup>) and Oklahoma (1<sup>st</sup>) ranked more highly in the unemployment insurance category while Indiana (4<sup>th</sup>) ranked higher in the property tax category.

### State Business Climate Index, 2010

	Overall Rank	Corporate Tax	Individual Income Tax	Sales Tax	Unemployment Insurance Tax	Property Tax
Missouri	16	5	25	15	9	11
<i>Comparison Community</i>						
North Carolina	41	25	36	44	6	33
Indiana	10	21	11	20	12	4
Oklahoma	30	7	24	42	1	27
<i>Surrounding States</i>						
Kansas	35	35	21	32	7	41
Arkansas	39	40	33	41	18	21
Illinois	23	27	9	39	41	39
Iowa	45	47	42	31	33	34
Kentucky	19	42	32	7	34	20
Tennessee	27	11	8	47	35	50
Nebraska	29	34	31	17	13	24
<i>Midwest Region</i>						
Ohio	46	39	44	35	11	45
Michigan	17	48	12	9	45	32
Minnesota	43	44	38	38	39	18
North Dakota	20	30	28	18	20	7
South Dakota	1	1	1	25	36	13
Wisconsin	40	29	43	19	26	30

Source: Tax Foundation

The State Competitiveness Ranking by the Beacon Hill Institute measures the policies and conditions that produce and sustain high levels of per capita income and economic growth. As part of the overall index, the institute ranks the states' governmental and fiscal policies as measured by the state and local taxes per capita, bond ratings, budget surplus or deficit as a percentage of gross state product, and workers compensation premium rate among other measures. In 2010, Missouri ranked a strong 11<sup>th</sup> out of 50 states in the Beacon Hill Institute's Government and Fiscal Policy component. However, Missouri ranked lower in the overall index, scoring 30<sup>th</sup> out of 50 states.

The Ranking uses 43 different measures to ascertain a state's competitiveness. Specific measures include cost of business, workforce, quality of life, economy, education, access to capital, and cost of living among others. Missouri earned a 16<sup>th</sup> place spot in the 2011 State Competitiveness Ranking.



## State Business Climate Rankings

	Beacon Hill Institute		CNBC Top States for Business
	Overall Rank	Government and Fiscal Policy	
Missouri	30	11	16
<i>Comparison Community Home States</i>			
North Carolina	21	21	3
Indiana	37	3	15
Oklahoma	45	45	28
<i>Surrounding States</i>			
Kansas	13	38	11
Arkansas	38	14	32
Illinois	34	40	22
Iowa	9	13	9
Kentucky	41	43	35
Tennessee	44	9	18
Nebraska	6	18	10
<i>Midwest Region</i>			
Ohio	43	33	23
Michigan	33	30	34
Minnesota	5	39	7
North Dakota	1	4	13
South Dakota	8	7	13
Wisconsin	23	31	25

Source: Beacon Hill Institute, CNBC.Com

Note: Rankings for both the Beacon Hill and CNBC State Competitiveness Rankings are out of 50 states with 1 = highest rank and 50 = lowest rank

**A critical business climate component discussed often in public input is metro Kansas City's "border war" for local employers between Missouri and Kansas. Focus group participants identified "poaching" of businesses and highly skilled labor between state lines as a critical business concern and a "zero-sum game" that saps tax dollars but provides little regional benefit. Nearly 75 percent of online survey respondents felt that using economic incentive to recruit businesses across the state line was not a sustainable policy. However, survey respondents were split on whether having a metro area that spans both sides of the state line was good for economic development.**

Kansas City Business Journal accounts show that millions have dollars have been spent by Missouri and Kansas to incentivize companies across the border dividing the Kanas City metro. In 2009, J.P. Morgan Retirement Plan Services was offered a \$15.2 million dollar package in exchange for a 10 year commitment to relocate to Kansas. Less than a year later, KeyBank Real Estate Capital was recruited to Kansas with a \$15 million dollar incentive package. Finally, in 2011, Applebees' parent company DineEquity Inc. announced their corporate relocation to the Missouri in exchange for \$12.5 million. All told, these relocations cost both states a total of \$42.7 million and moved 1,488 jobs within the Kansas City metro area, resulting in no net job or wage gain for

the region. A recent study by Phil Kirk, former DST Reality Inc. chairman, alluded to the border war's effect on real estate prices, estimating that it depressed real estate values in Southern Johnson County by \$108 million.

The following table displays the individual income, corporate income, and local sales tax for the state of Missouri as well as the home states of the comparison cities. Overall, Missouri's tax structure is competitive relative to the comparison states. At \$1,620, Missouri had the lowest average state and local tax burden per capita. The state's individual income taxes were also competitive, with Indiana and Oklahoma having marginally lower income tax rates. In terms of corporate income taxes, only Oklahoma (6.0 percent) had a lower corporate income tax rate than Missouri (6.3 percent). The state's property tax burden was the only area where Missouri did not outperform its peer states.

#### State and Local Tax Rates, 2011

	Missouri	North Carolina	Indiana	Oklahoma
Individual Income Tax	1.5-6.0%	6.0-7.75%	3.4%	0.5-5.5%
Corporate Income Tax	6.3%	6.9%	8.5%	6.0%
Sales Tax (Local and State Combined)*	7.7%	7.3%	7.0%	8.4%
Average State/Local Tax Burden Per Capita	\$1,620	\$2,256	\$2,128	\$1,887
2009 Tax Burden: Average State and Local Tax Burden: Per Capita Income Ratio and Ranking (1=highest burden)	4.5%	6.6%	6.3%	5.4%
	44	18	20	37
Median Metro Real Estate Taxes Paid*	\$1,265	\$1,209	\$1,051	\$796
Taxes as a % of median home values-Statewide average	0.91%	0.78%	0.85%	0.74%
Rank (1=highest burden)	24	31	27	32

Source: Federation of Tax Administrators; U.S. Census Bureau;

State Departments of Revenue of Missouri, North Carolina, Indiana; and the Oklahoma Tax Commission

\*Note that the local sales tax rate of Jackson County was used to determine the combined state and local sales tax.

\*Median Metro Real Estate Taxes Paid is newly included in the American Community Survey and data are not available for previous years. Utilizing this source gives a true regional benchmark, but individual communities within each county vary.

The City of Kansas City has initiated attempts to optimize its taxation and fee-assessment processes. In August 2011, Mayor Sly James appointed a 16-member Citizens Commission on Municipal Revenue to examine how the city collects dozens of different taxes, fees, and service charges. The Commission is charged with ensuring

that the city's future revenue streams are equitable, sustainable, and easy to collect. One of the panel's highest priorities is to assess taxes and fees directed for specific causes and uses. These "dedicated" levies comprise 55 percent of revenue outside such enterprise departments as water and aviation.

### ***Tax Credits and Abatements***

The following bullets comprise the full complement of credits, abatements, and incentives Kansas City can offer to high-value prospects.

- Enhanced Enterprise Zone Tax Credit
- Federal New Markets Tax Credit
- Historical Tax Credits
- Missouri Development Finance Board (MDFB) Tax Credit for Contribution
- Quality Jobs Program
- Rebuilding Communities Tax Credit
- Enhanced Enterprise Zone Local Property Tax Abatement
- Chapter 353 Tax Abatement/Planned Industrial Expansion Authority
- Land Clearance for Redevelopment Authority (LCRA)

### ***EDC Loan Corporation Programs***

- Small Business Administration 504 Loan Program
- EDC Revolving Loan Program
- Brownfield's Cleanup Revolving Loan Fund
- River Market Loan Fund
- Neighborhood Commercial Revolving Loan Fund

### ***Bond Programs***

- Chapter 100 Bond Financing
- Industrial Revenue Bonds

### ***Sales Tax Exemption***

- Sales and Use Tax Exemption
- Business Use Incentives for Large-scale Development (BUILD)
- Energy Exemption
- Film Production Tax Credit

### ***Tax Increment Financing***

Tax Increment Financing (TIF) is a financing tool used to redevelop blighted areas. In order to finance redevelopment, the property taxes are frozen in a given geographic area or a single development for 23 years

while bonds are issued to pay for the project or development. Once the redevelopment is complete, additional tax revenue generated from rising property values and other local taxes are distributed to a special allocation fund that goes towards paying off the bonds. Developers wishing to utilize TIF financing must first have their plans approved by the TIF Commission and the City Council of Kansas City.

The provision of incentives and use of TIF to facilitate economic development in the City of Kansas City is a subject that elicits strong feelings from elected officials, businesses, citizens, taxing jurisdictions like school systems, and the local press. As the principal economic development entity in the city, the Economic Development Corporation of Kansas City is often the brunt of criticism of these programs. The EDC is a public-private development independent of the city but contracted by city government to implement the Kansas City's economic development programs.

A July 2011 editorial in the Kansas City Star called the city's economic development program "woeful." The editorial went on to say:

Despite a large list of alphabet-soup economic development agencies – EDC and TIF and LCRA and PIEA and so on – Kansas City is struggling to find any lasting success in growing jobs in recent years. These silo efforts have poured millions of public dollars into some unsuccessful incentive programs. Private dollars have been frittered away as well, spent on poorly designed job retention programs. Lack of strong leadership at the agencies, at City Hall and within the business community has contributed to the programs, which the Economic Development Corporation board has been unable to resolve... Cleaning up this mess will take dedicated leadership from Mayor Sly James and the City Council, plus some help from county officials. But it also will require a real commitment by civic and corporate leaders to – finally – create well-organized, tightly targeted and effective development programs.

Multiple studies and strategies have proposed ways to reform the city's incentives policies, including a January 2010 report from the Kansas City Library District, school district, and Jackson County titled, "Economic Development Incentives – Impact on Taxing Jurisdictions." The Boston Consulting Group also produced a report that recommended ways to optimize the EDC's operations and development tools.

**Input from focus groups and interviews clearly indicated that Kansas City's current economic development policies are in need of reform. Stakeholders called the existing system, "developer-driven," "broken," arbitrary, non-transparent, and other unflattering terms, and complained that there is no way to assess return-on-investment of awarded incentives and TIF monies. Most respondents would like to see a more targeted and proactive process for awarding incentives focused on only the highest-value opportunities for advancing Kansas City's economic development prospects and revitalization. Many respondents recommended restructuring the EDC, limiting the size of its board, and streamlining the approval process for TIF and other tools from its currently convoluted, multi-agency system, among other suggestions.**

## Utilities

Certain power-intensive businesses cannot operate effectively without adequate, low-cost energy sources. While many residents and businesses take for granted there will be consistent supplies of basic utilities, communities must never grow complacent about insuring that capacity exists to serve local businesses well into the future.

Utility costs can be extremely burdensome for certain sectors, particularly manufacturing, extraction, and refining. Electrical costs for some manufacturing sectors can reach one-third of total costs. The information technology sector is also energy intensive. For example, large data centers require electricity to power a complex assortment of servers and cooling equipment that keep the server room at an optimal temperature. These business sectors all require affordable electricity to support their operations.

The follow table details average utility costs for the City of Kansas City, its three comparison cities, the state, and nation. Compared to the national average, Kansas City's utility costs are low. Residential (\$0.106 per kilowatt hour), commercial (\$0.085), and industrial (\$0.063) rates in the City of Kansas City were well below their respective national averages. Although the city's rates are competitive to the average American community, they exceeded its benchmark cities and the state. A rapid increase in utility rates throughout a five-year period between 2007 and 2011 caused the City of Kansas City to move from one of the lowest utility rates across the comparison geographies to the highest. During this time period, growth in the city's residential (31.7 percent), commercial (29.8 percent), and industrial rates (31.3 percent) outpaced all comparison geographies.

### Power Costs, Through August 2011

	Price (kWh)	Percent of U.S.	5-year Change
<i>Residential</i>			
Kansas City, MO	\$0.106	90.5%	31.7%
Charlotte, NC	\$0.089	76.0%	9.2%
Indianapolis, IN	\$0.089	76.0%	29.7%
Oklahoma City, OK	\$0.097	82.4%	17.8%
Missouri	\$0.100	84.7%	29.6%
<i>Commercial</i>			
Kansas City, MO	\$0.085	81.5%	29.8%
Charlotte, NC	\$0.070	67.6%	6.1%
Indianapolis, IN	\$0.070	67.6%	-10.8%
Oklahoma City, OK	\$0.075	72.4%	9.1%
Missouri	\$0.083	79.8%	30.7%
<i>Industrial</i>			
Kansas City, MO	\$0.063	91.0%	31.3%
Charlotte, NC	\$0.052	75.3%	7.3%
Indianapolis, IN	\$0.052	75.3%	-3.8%
Oklahoma City, OK	\$0.056	80.2%	7.0%
Missouri	\$0.061	88.2%	28.6%

Source: U.S. Energy Information Administration  
Community names reflect city.

The City of Kansas City also has significant issues related to its water and sewer capacity. Like many older municipalities, its infrastructure in many parts of the city is over 100 years old and in need of replacement or refurbishment. In order to pay for water and sewer upgrades, City Manager Troy Schulte has proposed rate increases of 17 percent for sewers and 12 percent for water in 2012. This follows rate increases of 15 percent for sewers and 10 percent for water in 2011. This revenue is needed for Kansas City to fix its aging water lines, repair its pumping facilities, and follow through on a federally mandated \$2.5 billion sewer upgrade program. Unfortunately, higher utilities costs can also become a deterrent to the retention and attraction of businesses and talent.

Adding to the burden of rate increases, Kansas City's Water Services Department has long had a poor reputation among local citizens and employers. A Kansas City Star columnist called it the "hellhole of Kansas City government." The city has recently retained former Kansas City Power and Light chief executive Bill Downey

at \$250 an hour to put together a comprehensive plan aimed at improving the agency's performance and restoring public trust in its operations.

## Vacancy Rates

The following tables detail vacancy rates, average asking rents, and square feet under construction for office, retail, and industrial properties in the metro areas of Kansas City, Charlotte, Indianapolis, and Oklahoma City. In the third quarter of 2011, office vacancy rates in the Kansas City metro area (16.3 percent) were lower than the metro areas of Charlotte (19.2 percent), Indianapolis (20.0 percent), and Oklahoma City (19.6 percent). While the Kansas City metro area enjoyed the lowest office vacancy rates, Kansas City (\$16.85) also had the lowest average asking lease rents of any metro area. Kansas City's retail market (9.6 percent) also enjoyed a similarly low vacancy rate and average asking lease rent (\$12.28). Office and retail property rates are highly local, depending on a variety of factors including demand, local supply, and other geographically specific attributes.

In contrast to the Kansas City metro area's office and retail markets, industrial space in the region is undergoing a rapid expansion thanks to construction of the National Nuclear Security Administration's 1.5 million square foot manufacturing facility in the City of Kansas City. Along with the construction of this facility, Kansas City's industrial market enjoyed a low vacancy rate (8.7 percent), and only Charlotte had a lower vacancy rate for industrial properties (6.8 percent). Unlike the metro's office and retail market, industrial properties in the Kansas City area commanded comparatively higher rents (\$4.54), the highest of all the comparison communities.

## Office, Retail, Industrial Property Market, 3Q2011

	Vacancy Rate	Net Absorption (Last Four Quarters)	Average Asking Lease Rate	Under Construction
<i>Office</i>				
Kansas City, MO MSA	16.3%	115,646	\$16.85	274,000
Charlotte, NC MSA	19.2%	83,909	\$19.41	550,00
Indianapolis, IN MSA	20.0%	15,963*	\$18.43	0
Oklahoma City, OK MSA <sup>+</sup>	19.6%	22,495	\$14.65	0
<i>Retail</i>				
Kansas City, MO MSA	9.6%	379,820	\$12.28	48,685
Charlotte, NC MSA	9.7%	73,884	\$18.35	0
Indianapolis, IN MSA	-	-	-	-
Oklahoma City, OK MSA <sup>+</sup>	10.8%	-	\$10.32	439,000
<i>Industrial</i>				
Kansas City, MO	8.7%	-514,086	\$4.54	2,211,900
Charlotte, NC MSA	6.8%	1,504,337	\$4.47	156,302
Indianapolis, IN MSA	8.3%	4,050,189*	\$4.28	500,000
Oklahoma City, OK MSA <sup>+</sup>	9.8%	-165,737	\$3.46	0

Source: CBRE

Community names reflect metro area.

<sup>+</sup>These figures are year-to-date figures, except Oklahoma City, for which only mid-year figures were available.

Note: Indianapolis retail and Oklahoma City's absorption figures were not reported.

## Bankruptcy

U.S. District Courts keep records of bankruptcy filings throughout the country. High rates of bankruptcy filings can indicate a gap between lifestyle costs and incomes or business costs and revenues.

Post-recession growth in personal bankruptcy filings for Kansas City's three-county core area of Jackson, Platte, and Clay outpaced all comparison communities, the state, and nation. After the official end of the recession, bankruptcy filings in the Kansas City core area rose 8.9 percent. While near the national average (8.0 percent), Indianapolis (2.6 percent), Charlotte (5.5 percent), and Oklahoma City (6.5 percent) saw less rapid growth. By 2010, 6.1 people underwent bankruptcy proceedings for every 1,000 residents in Kansas City's three-county core – only Indianapolis (8.5 filings per 1,000 residents) had a higher rate.



### Personal Bankruptcies Per 1,000 Residents, 2001-2010

	2001	2007	2009	2010	% Change	
					Pre-Recession (2001-2007)	Post Recession (2009-2011)
Kansas City, MO	5.8	4.4	5.6	6.1	-24.1%	8.9%
Charlotte City, NC	2.9	1.8	2.3	2.4	-38.7%	5.5%
Indianapolis City, IN	10.5	6.0	8.2	8.5	-42.4%	2.6%
Oklahoma City, OK	8.0	2.9	4.1	4.4	-63.7%	6.5%
Missouri	5.4	3.5	5.1	5.4	-34.2%	6.3%
United States	5.1	2.7	4.6	5.0	-46.9%	8.0%

Source: U.S. District Courts, Moody's Economy.com -- Community names reflect the county area.

There are two primary types of business bankruptcy filings: Chapter 7 and Chapter 11. Under Chapter 7, a firm ceases all operations and all its assets are used to pay off debts to creditors and investors. However, a firm may use Chapter 11 to reorganize its business operations in efforts to become profitable again. Although Kansas City's three-county core area experienced a notable rise in business bankruptcy filings per 1,000 establishments between 2001 and 2010, the area still maintained the lowest number of filings compared to its three benchmark communities. Bankruptcy filings doubled in Kansas City's three county area during the recessionary years between 2007 and 2009 but filings have since receded 18.7 percent. The number of bankruptcy filings in Charlotte (128.0 percent) and Oklahoma City's (117.9 percent) increased more briskly during the recession – Charlotte's (34.9 percent) rate continues to rise. Despite the post-recession decline, Kansas City's business bankruptcy rate remains near seventy percent above its pre-recession rate suggesting that the aftermath of the recession is still being felt by local businesses. This is supported by employment dynamics and the Milken Institute rankings previously discussed.

### Business Bankruptcies Per 1,000 Establishments, 2001-2010

	2001	2007	2009	2010	% Change	
					Pre-Recession (2001-2007)	Post Recession (2009-2011)
Kansas City, MO	2.2	2.7	5.6	4.5	22.4%	-18.7%
Charlotte City, NC	2.4	2.0	4.6	6.3	-15.4%	34.9%
Indianapolis City, IN	4.1	4.3	6.2	6.9	5.2%	10.2%
Oklahoma City, OK	6.4	3.3	7.2	5.3	-48.4%	-26.1%
Missouri	3.1	2.2	4.8	4.4	-29.0%	-7.5%
United States	5.0	3.2	6.8	6.3	-37.1%	-7.4%

Source: U.S. District Courts, Moody's Economy.com -- Community names reflect the county area.

## Innovation and Commercialization

This section will briefly review the innovation and commercialization activity and capacity of the City of Kansas City's businesses, institutions, and residents. Data covering the research and development expenditures of local universities will be complemented by patent activity data published by the United States Patent and Trademark Office.

### *Patent Activity*

The level of patent activity in a community is one indicator of innovation capacity. The following table displays information from the United States Patent and Trademark Office covering the number of patents issued to inventors in the core cities of each of the comparison communities. This analysis examines the location of the named inventor(s) as opposed to the patent assignee(s) to specifically analyze where the innovative activity is occurring as opposed to the location where the rights to the innovative activity are assigned. Inventors and assignees are often the same, but in some cases an inventor may work at a research and development location while the patent is ultimately assigned to a parent company headquartered in a different location.

Patent activity within the City of Kansas City grew dramatically (67.9 percent) between 2000 and 2010. Even so, the City of Kansas City trails Charlotte (302 patents) and Indianapolis (366 patents) by significant margins. Normalized for population, the City of Kansas City (2.95 patents per 10,000 residents) still lags behind Charlotte (4.11 patents per 10,000) and Indianapolis (4.44 per 100,000).

**Patent Activity, 2000-2010**

				<i>2000-2010</i>		<i>Patents Per 10,000</i>		
	2000	2005	2010	#	%	2000	2005	2010
Kansas City, MO	81	66	136	55	67.9%	1.83	1.42	2.95
Charlotte, NC	263	154	302	39	14.8%	4.86	2.44	4.11
Indianapolis, IN	446	272	366	-80	-17.9%	5.70	3.45	4.44
Oklahoma City, OK	126	62	73	-53	-42.1%	2.49	1.17	1.25

Source: U.S. Patent and Trademark Office  
Community names reflect city.

### Top Patent Producing Metro Areas, 2010

Rank	Metro Area	Total Patents, 2010	Patents Per 1,000 Residents, 2010
1	San Jose-Sunnyvale-Santa Clara, CA	10,074	5.48
2	New York-Northern New Jersey-Long Island, NY-NJ-PA	6,383	0.34
3	San Francisco-Oakland-Fremont, CA	6,290	1.45
4	Los Angeles-Long Beach-Santa Ana, CA	4,992	0.39
5	Boston-Cambridge-Quincy, MA-NH	4,330	0.95
6	Seattle-Tacoma-Bellevue, WA	4,052	1.18
7	San Diego-Carlsbad-San Marcos, CA	2,993	0.97
8	Chicago-Joliet-Naperville, IL-IN-WI	2,933	0.31
9	Minneapolis-St. Paul-Bloomington, MN-WI	2,827	0.86
10	Austin-Round Rock-San Marcos, TX	2,449	1.43
39	<b>Kansas City, MO-KS</b>	<b>545</b>	<b>0.27</b>
44	Indianapolis-Carmel, IN	495	0.28
60	Charlotte-Gastonia-Rock Hill, NC-SC	309	0.18
102	Oklahoma City, OK	120	0.10

Source: U.S. Patent and Trademark Office

\*\*Ranking includes 374 U.S. metro areas. 1 = highest number of patents in 2010

Community names reflect the MSA

### Top 15 Patent Areas, Kansas City Metro Area, 2006-2010

	Patents Granted
Telecommunications	268
Multiplex Communications	185
Multicomputer Data Transferring (Electrical Computers and Digital Processing Systems)	97
Telephonic Communications	96
DP: Financial, Business Practice, Management, or Cost/Price Determination (Data Processing)	70
DP: Vehicles, Navigation, and Relative Location (Data Processing)	60
DP: Database and File Management or Data Structures (Data Processing)	43
Communications: Electrical	38
Communications: Directive Radio Wave Systems and Devices (e.g., Radar, Radio Navigation)	35
Registers (e.g., cash registers, calculators, devices for counting movements of devices, etc.)	34
Drug, Bio-Affecting and Body Treating Compositions (includes Class 514)	33
Surgery (instruments)	29
DP: Software Development, Installation, and Management (Data Processing)	29
DP: Measuring, Calibrating, or Testing (Data Processing)	26
Electrical Connectors	25

Source: U.S. Patent and Trademark Office

Data reflect the MSA

In 2010, about a quarter of the 545 patents awarded in the Kansas City metro area were issued in the City of Kansas City, making it the 39<sup>th</sup> ranked metro area of 374 in the nation in terms of number of patents. Metro Kansas City ranked higher than the metro area of the comparison cities. When examining the top patent producers over the last five years in the 15-county metro area, Sprint Communications and Sprint Spectrum, both located in Overland Park, Kansas, ranked first and second, producing 856 patents from 2006 to 2010. Among the top producers in the City of Kansas City were Honeywell International, Hallmark Card Incorporated, Haldex Brake Corporation, and KCI Licensing, Inc. Other noted patent producers are the Stowers Institute for Medical Research, which produced three patents over the five-year period, and MRI Global, which produced four. Consistent with the types of firms producing the patents in the metro area, the top research areas are telecommunications, multiplex communications, and data processing, which is divided into more specific categories in the previous table.

Local officials are hoping that Google's development of ultra-high-speed internet capacity in Kansas City, Kansas and Missouri will significantly enhance the area's capacity for research, development, and innovation

activity. Local leaders have appointed 12 experts to serve on a Bistate Innovations Team to assess and recommend ways that the Google Ultra High-Speed Fiber project can benefit Greater Kansas City businesses and residents through improved public services, community assistance and education efforts, and the potential to leverage Google Fiber to expand existing technology businesses and attract new prospects to the region. A key goal of the Team is to recommend how communities on both sides of the state line can partner and cooperate in strategies to leverage Google's investment.

**Focus group participants said that the passage and signing in October 2011 of the Missouri Science and Innovation Reinvestment Act (MOSIRA) will be a key contributor to advancing innovation and commercialization prospects in Missouri. Local officials can make companies and researchers aware of the program and be champions for its funding resources. The Google Fiber initiative was also said to be a huge opportunity for the Kansas City region and an initiative that gives the area a lot of "credibility" for technology-based businesses. Participants said that, while there are commercialization-support services in the region, what is lacking is incubator space and mentoring, especially in the City of Kansas City. The UMKC Innovation Center does a good job and "gets it," according to the focus group. Participants said that availability of development capital is an issue and always will be. The region does not appreciate the reality that some of the venture capital has to come from Greater Kansas City sources, even if it means attracting VC firms to establish a presence in Kansas City and invest.**

### *Small Business and Entrepreneurship*

In 2009, the most recent year of data available, the Kansas City three-county core area had an entrepreneurship rate of 15.7 percent, trailing all comparison geographies except Indianapolis (7.3 percent). In this same year, the Kansas City metro area's entrepreneurship rate was 17.6 percent. Both the Kansas City core county area and metro have lower rates than Missouri (18.2 percent) and the U.S. (20.4 percent).

Although entrepreneurship rates were comparatively low, self-employed and stage one companies (those that employ nine people or below) still contributed positively to employment in Kansas City's three-county core area. Between 2003 and 2008, small employers added 55,976 jobs to the local economy; however, these gains were offset by job losses due to closing or contraction of large employers. Self-employed and stage one companies are engines for employment growth in the City of Kansas City despite its lower entrepreneurship rates.

### Entrepreneurship Rates, 2001-2009

	Percentage Point Change				
	2001	2005	2009	2001-2009	2005-2009
Kansas City, MO	12.5%	14.6%	15.7%	3.2%	1.1%
Kansas City MSA	14.6%	16.3%	17.6%	3.1%	1.4%
Charlotte, NC	11.4%	14.1%	16.2%	4.8%	2.1%
Indianapolis, IN	5.9%	6.4%	7.3%	1.4%	0.9%
Oklahoma City, OK	14.1%	15.4%	18.1%	4.0%	2.7%
Missouri	14.8%	16.7%	18.2%	3.4%	1.5%
United States	15.7%	18.0%	20.4%	4.7%	2.3%

Source: U.S. Bureau of Economic Analysis  
Community names reflect city unless otherwise noted.

### Growth Dynamics of Stage One Companies, 2003-2008

	Total Job Growth	Self-Employed or Stage One Companies						
		Total	Employment Growth from Net Openings		Employment Growth from Expansions		Employment Growth from Net Relocations	
			Net	%	Net	%	Net	%
Kansas City, MO	-25,840	55,976	28,548	51.0%	27,860	49.8%	-432	-0.8%
Charlotte, NC	51,815	91,336	57,399	62.8%	33,920	37.1%	17	0.0%
Indianapolis, IN	8,970	68,089	36,584	53.7%	32,657	48.0%	-1152	-1.7%
Oklahoma City, OK	-22,906	53,688	19,733	36.8%	33,586	62.6%	369	0.7%
Missouri	444	312,638	181,374	58.0%	130,578	41.8%	686	0.2%
United States	4,272,698	17,615,687	10,186,067	57.8%	7,424,202	42.1%	5,418	0.0%

Source: Edward Lowe Foundation  
Years: 2003-2008

\*Contractions for Self-employed or Stage 1 Companies are considered closed  
Community names reflect the county area.

Kansas City has several assets that support the start-up and growth of small businesses and should continue to be leveraged to boost entrepreneurship in the City of Kansas City and throughout the metro area. Key assets are described below.

**The Ewing Marion Kauffman Foundation:** Kansas City is home to the largest foundation in the world dedicated to entrepreneurship. The foundation's mission is "to help individuals attain economic independence by advancing education achievement and entrepreneurial success." The Kauffman Foundation brings together a diverse array of individuals to solve problems surrounding innovation and commercialization, which include researching new teaching and school models that are replicable; promoting science, technology, engineering, and math (STEM) education in schools; improving entrepreneurship education in higher education institutions; and identifying barriers for life science entrepreneurs.

**KC BizCare:** Launched by the city in 2009, the BizCare is a free "one stop shop" resource, advocacy, and information center for new and existing Kansas City businesses. The BizCare office provides information and referrals to city departments, guidance for navigating the city's permitting and licensing processes, access to city computers, and works with clients throughout their business-development process to monitor the status of their applications and other issues.

**KC SourceLink:** Serving businesses within the 18-county Kansas City region, SourceLink is a staffed, online tool that provides businesses with free assistance to identify resources to help them succeed. SourceLink connects to a network of over 170 non-profit resource organizations supporting small business needs and ensures the network is linked and communicating with one another. Resource partners help businesses with marketing, financial planning, sales, securing loans and government contracts, and other tasks.

**Bizperc:** Bizperc is a business incubator that fosters collaboration, connectivity, creativity, and community. The co-working facility supplies entrepreneurs with the low-cost office space and shared equipment needed to develop and run a successful business. Entrepreneurs pay \$250 to \$450 a month in order to obtain a workspace and access to office equipment as well as all-you-can-drink coffee. However, Bizperc's benefits to the entrepreneur are not solely about office space, supplies, and materials but also entail developing a strong sense of community and collaboration through connecting newly established entrepreneurs with experienced entrepreneurs and business leaders through entrepreneur education, and networking events.

**Prospect Corridor:** Blue Hills Community Services recently announced the investment of \$3.1 million to repurpose an existing building in Kansas City's Third Council District as a local center and incubator for "green" industry career development, training and business development for contractors, and a focal point for community programs and services. Funding was secured from the City of Kansas City, Missouri, and the federal government. The development is a component of the Blue Hills Quality of Life Plan.

**University of Missouri-Kansas City's Bloch School of Management:** In 2011, UMKC was ranked the world's #1 university of 625 institutions in innovation management research by the Journal of Product Innovation Management. This honor was largely attributed to research conducted in the Bloch School of Management's Department of Global Entrepreneurship and Innovation and the Institute for Entrepreneurship and Innovation. The Bloch School of Management's undergraduate and graduate entrepreneurship programs are also named

among the top 25 entrepreneurship programs in the nation by Princeton Review. UMKC is one of only 11 schools in the nation with both levels of programs included in this ranking.

Kansas City was also ranked the number 31<sup>st</sup> best city in the country for minority entrepreneurs.

Soon after he took office, Kansas City Mayor Sly James empaneled a Special Committee on Small Business to assess the city's competitiveness for small business development. Headed by Councilman Scott Taylor, the Committee released its report in December 2011 and proposed 67 recommendations for making it easier for small businesses to grow in Kansas City. The programs are currently in various stages of implementation.

Leveraging Kansas City's small business and entrepreneurial development assets is one of the Greater Kansas City Chamber of Commerce's "Big 5" strategic initiatives. The goal is to make Kansas City "America's Most Entrepreneurial City." The volunteer leaders charged with advancing this goal announced the progress of their initial efforts in January 2012. Announced accomplishments include developing a "Sketchbook" to communicate the importance of entrepreneurs and hiring a project manager to staff the initiative.

**Public input participants strongly agreed that Kansas City is an "entrepreneurial community." They cited resources such as the Kauffman Foundation and KC SourceLink as examples of support entities that help advance the prospects of local small businesses. Ongoing challenges to small business growth in the city include continuing difficulty to navigate the regulatory and permitting process in city government and the lack of early stage capital to help launch and sustain businesses.**

## KEY TAKEAWAYS

The following key findings/takeaways from the PROSPERITY section will directly inform the development of strategies to address the challenges, threats, opportunities and priority issues that emerged from the Competitive Snapshot research.

- ✓ Employment growth is sluggish in Kansas City's core counties, especially after the end of the Great Recession. Declines have been most acute in real estate, construction, and the high-wage sectors of information, manufacturing, and management of companies (headquarters employment). A bright spot has been the health care sector.
- ✓ The City of Kansas City's business climate is a competitive concern, with its principal economic development entity, the EDC, said to lack focus and be overly influenced by development interests. An "alphabet soup" of other agencies complicates the development process and draws out regulatory and permitting reviews for local investors. A new existing-business program, KC Best, was said to be a promising new tool to better retain and expand incumbent employers.
- ✓ The "border war" between the Missouri and Kansas sides of the Kansas City metro continues to divide the region and sap critical public funds used to incentivize companies across the border with little net gain to regional investment or income levels.
- ✓ Kansas City is an "entrepreneurial" town and has a small business dynamism that can greatly enhance local job-creation. Availability of start-up capital is a concern, as is the lack of awareness of small-



business support services despite the availability of the KC SourceLink tool and the presence of the world-class Kauffman Foundation.

- ✓ Innovation and research and development activity in Kansas City is less dynamic than top U.S. technology-focused metros, leading to lower rates of patent awards and less investment in public and private research. More early-stage capital and incubation space for start-up businesses was said to be needed.

# PLACE

This section examines the quality of the City of Kansas City as a place to live, do business, work, and visit, reviewing indicators such as infrastructure, cost of living, housing, crime, health care services, environmental factors, and entertainment and cultural amenities.

## Cost of Living

A cost of living (COL) index considers the cost of housing, groceries, utilities, transportation, health care, and miscellaneous goods and services in the context of national and regional averages. The Council for Community and Economic Research, a national community and economic development research organization, publishes quarterly cost of living indices for metropolitan communities across the nation. While the data provide some indication about the cost of living differences between regions, they do not provide direct comparison of actual costs in metro areas.

The following chart shows the cost of living for the Kansas City metro area and its comparison regions for the third quarter of 2011. While the overall cost of living in Kansas City is below the national average (99.2), it has the highest relative cost of living of the comparison communities. **Focus group and online survey participants often cited the City of Kansas City's low cost of living as a major competitive advantage. Well over half of online survey stakeholders described the city's cost of living as either good or excellent. One focus group identified that the low cost of living in the city was also a boon to the local artist community.**

Cost of Living Index (by urban area), Third Quarter 2011

	Index Components						
	Composite Index	Grocery Items	Housing	Utilities	Transportation	Healthcare	Misc. Goods & Services
Kansas City, MO	99.2	98.5	90.3	108.1	99.6	97.6	104.6
Charlotte, NC	93.5	100.2	81.6	93.2	97.4	106.5	98.6
Indianapolis, IN	87.4	91.5	73.8	87.2	100.8	93.5	93.1
Oklahoma City, OK	90.5	91.1	85.6	84.9	95.2	100.3	93.8

Source: The Council for Community and Economic Research; (100 = National Average)

Percentage in each category contributes to overall cost of living: Total (100%), Grocery (13%), Housing (29%), Utilities (10%), Transportation (12%), Health care (4%), and Miscellaneous Good and Services (32%). Community names reflect urban areas within each metro.

## Housing

For a community to be sustainable, it must have housing that is both affordable and attractive to its workforce. As discussed in the previous cost of living section, Kansas City metro has comparatively affordable housing. The City of Kansas City also boasts a very favorable housing affordability ratio. To buy a median price home, one would need 2.38 times the city's median income in Kansas City compared to 3.5 times nationally.

The following table shows the most recently available median home values for the City of Kansas City, its comparison cities, the state, and the nation. In 2010, the median home value in the City of Kansas City was \$138,900, greater than in Indianapolis (\$118,100) and Oklahoma City (\$130,800). Before the housing bubble burst in 2009, Kansas City enjoyed a 10.7 percent increase in home values from 2005 to 2009, on par with the nation (10.6 percent) and greater than in Charlotte (9.8 percent) and Indianapolis (2.1 percent). Since the downturn, Kansas City's home values continued to rise with a 0.4 percent increase between 2009 and 2010.

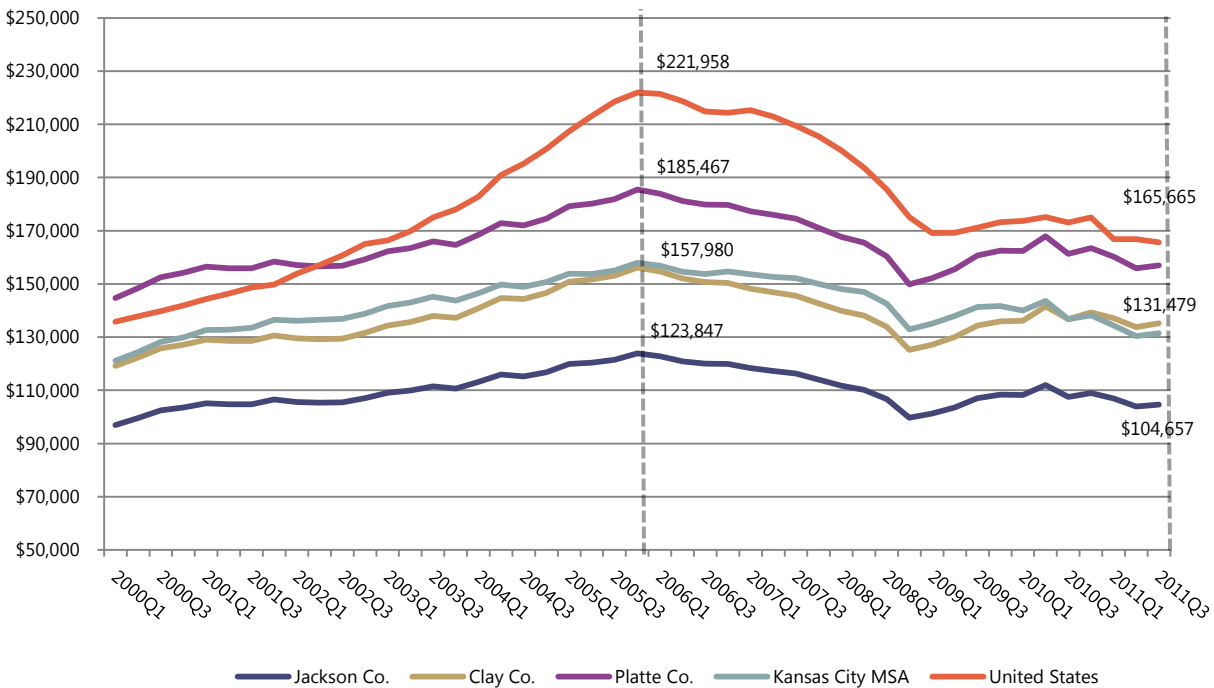
**Median Home Values, 2005-2010**

				% Change	
	2005	2009	2010	2005-2009	2009-2010
Kansas City, MO	\$124,900	\$138,300	\$138,900	10.7%	0.4%
Charlotte, NC	\$159,900	\$175,600	\$177,300	9.8%	1.0%
Indianapolis, IN	\$117,900	\$120,400	\$118,100	2.1%	-1.9%
Oklahoma City, OK	\$103,800	\$126,700	\$130,800	22.1%	3.2%
Missouri	\$123,100	\$139,700	\$139,000	13.5%	-0.5%
United States	\$167,500	\$185,200	\$179,900	10.6%	-2.9%

Source: U.S. Census Bureau  
Community names reflect city.

Home prices within the core Kansas City counties of Jackson, Platte, and Clay remain below the national average. Within the three-county area, Platte County possessed the highest median single family home price (\$157,023) with Clay County (\$135,218) slightly above the Kansas City regional average. After witnessing double-digit price declines during the foreclosure crisis, Jackson (1.0 percent), Clay (4.0 percent), and Platte (0.9 percent) saw modest increases in their home prices since the end of the recession to the third quarter of 2011. Housing prices within the region (-4.7 percent) remain in decline.

### Median Existing Single-Family Home Price, 1Q2000-3Q2011



Source: National Association of Realtors via Moody's

Complicating Kansas City's attempts to develop affordable housing and redevelop existing low-income housing is the fact that the city's former Housing and Economic Development Financial Corporation (HEDFC) remains in federal receivership, an example of the city's housing department's ongoing issues with corruption and mismanagement. Years-long efforts to reform the agency have recently made progress according to city officials, with the reconstituted Department of Housing and Community Development seeking to implement a "policy first" philosophy that selects the recipient of funds only after policy has been decided.

#### **Rental Affordability**

Quality, affordable rental housing provides individuals with a greater choice of housing options, a particularly important asset for urban areas, especially for individuals of diverse income levels and age groups. As illustrated in the following chart, the average rent in the City of Kansas City (\$579) was lower than Indianapolis (\$592), Charlotte (\$679), and the nation (\$713). However, it is important to note that low average rent does not necessarily indicate more affordable rent. Rental affordability is not only composed of the average rent in an area, but also a resident's rent-to-income ratio. According to the U.S. Census Bureau, approximately 53.8 percent of renting households in the City of Kansas City spend 30 percent or more of their monthly income on rent. This is a higher proportion of households than in all of the comparison geographies except Indianapolis (57.1 percent).

### Rental Affordability, 2010

	Median Rent	30% or More of Income on Rent
Kansas City, MO	\$579	53.8%
Indianapolis, IN	\$592	57.1%
Charlotte, NC	\$679	51.8%
Oklahoma City, OK	\$532	50.0%
Missouri	\$524	50.1%
United States	\$713	53.0%

Source: U.S. Census Bureau  
Community names reflect city.

## Health Care

One of the most important factors affecting a community's overall quality of life is accessibility to quality health care services. In its Well-Being Index – based on over one million surveys nationwide – Gallup-Healthways ranks Missouri as the 34<sup>th</sup> healthiest state in the nation, while Kansas City ranks in the top quartile of 1,888 metros at number 51.

The Kansas City metro area ranks more favorably than two of its three benchmark communities and highly for "basic access," though it fared poorly in the "healthy behavior" indicator. While access to health insurance is just one of 13 measures used in this sub-component, it is important to note that, in 2010, nearly 17 percent of residents of the City of Kansas City were without health insurance, higher than both the state (13.2 percent) and nation (15.5 percent).

### Well-Being Index

	Overall Ranking	Life Evaluation	Emotional Health	Physical Health	Healthy Behavior	Work Environment	Basic Access
Kansas City, MO	51	36	70	62	156	56	42
Indianapolis, IN	113	98	86	75	168	107	93
Charlotte, NC	50	28	27	57	103	141	59
Oklahoma City, OK	125	53	128	110	176	124	129
Missouri*	34	33	26	31	39	22	30

Source: Gallup-Healthways  
Note: Rankings based on 185 metro areas and 50 states where 1=healthiest place.

A component of the Mobilizing Action Toward Community Health (MATCH) program of the Robert Wood Johnson Foundation and the University of Wisconsin Population Health Institute, County Health Rankings provides rankings for most counties in the nation, accounting for health outcomes and health factors related to four areas: health behaviors, clinical care, social and economic factors, and physical environment.

Of the 114 ranked Missouri counties, Clay ranked 8<sup>th</sup>, Jackson ranked 68<sup>th</sup>, and Platte ranked 2<sup>nd</sup>. Although Jackson County ranked favorably in clinical care, it placed low in health behaviors (99<sup>th</sup>), social and economic factors (97<sup>th</sup>), and physical environment (108<sup>th</sup>). Jackson County ranked lowest of all three core Kansas City counties in all health factor rankings except physical environment, for which Clay County ranked 114<sup>th</sup>.

### County Health Rankings, 2011

	Overall Ranking	Health Outcomes		Health Factors			
		Mortality	Morbidity	Health Behaviors	Clinical Care	Social & Economic Factors	Physical Environment
Clay County	8	5	27	37	13	8	114
Jackson County	68	70	62	99	11	97	108
Platte County	2	2	11	9	9	5	50

Source: County Health Rankings

Note: Rankings based on 114 Missouri counties, where 1=healthiest county.

The City of Kansas City boasts the presence of more teaching hospitals which are members of the Association of American Medical Colleges than the comparison cities. While this is an asset for attracting talent and retirees and bolsters the city's capacity to offer comprehensive health care services to its residents, it has a notably lower number of physicians per capita than the benchmark communities and the nation. This could be a result of high medical malpractice rates that reportedly drive physicians from Kansas City, Missouri. The Washington Journal reported that Jackson County lost its only neurosurgeons in 2003 due to high malpractice costs.

**Focus group participants identified a number of challenges faced by the health care industry, including the cost of digitization of medical records, new forms of patient-doctor communication, and intense competition for local health care talent, particularly medical specialists. However, focus group participants familiar with Kansas City's health care industry also said that both colleges and health care providers are well supported locally. Bioscience and animal health were further identified as key potential employment drivers.**

### Health Care Capacity

	Physicians per Capita	Cost per Doctor Visit*	Number of Teaching Hospitals	Percent Uninsured
Kansas City, MO	209.7	\$84.93	5	16.8%
Charlotte, NC	267.1	\$90.76	2	17.7%
Indianapolis, IN	289.5	\$82.28	4	18.4%
Oklahoma City, OK	298.7	\$94.71	2	20.5%
Missouri	207.7	-	12	13.2%
United States	220.5	-	-	15.5%

Source: U.S. Census Bureau, Sperling's, Association of American Medical Colleges, and the Council for Community and Economic Research  
 \*Community names reflect the city, except in Cost per Doctor Visit, which reflects urban area.

## Public Safety

Another of the most important factors contributing to the attractiveness of a community for existing and potential residents is public safety. The FBI reports both property and crime at the community, state, and national level. While certain experts feel that the FBI crime data is not fully comparable between communities, it is nevertheless the most widely accepted indicator of a city's relative crime concentrations.

In 2010, 1,140 violent crimes were reported for every 100,000 residents in the City of Kansas City, a much higher rate than all comparison geographies except Indianapolis (1,200). However, it is important to note that the city's overall violent crime rate decreased by 21.9 percent between 2005 and 2010, and crime rates across all violent crime categories also decreased. For example, assaults, which account for over 64 percent of all violent crimes reported in the City of Kansas City, declined by 20.2 percent over this five-year period. Only Charlotte experienced greater decreases in violent crime during this time.

### Violent Crime Rates per 100,000 Residents, 2010

	Violent Crimes Per 100,000					Percent Change from 2005 - 2010				
	All Violent Crime	Murder	Forcible Rape	Robbery	Assault	All Violent Crime	Murder	Forcible Rape	Robbery	Assault
Kansas City, MO	1,140	21	48	337	733	-21.9%	-24.9%	-26.5%	-24.6%	-20.2%
Indianapolis, IN*	1,200	12	57	483	648	20.8%	-8.9%	-14.1%	18.1%	28.4%
Charlotte, NC	613	8	30	225	350	-47.7%	-39.3%	-37.2%	-58.2%	-38.8%
Oklahoma City, OK	927	9	59	194	664	8.7%	-7.4%	-11.7%	-13.3%	20.4%
Missouri	455	7	24	102	322	-13.5%	1.6%	-14.6%	-17.5%	-12.2%
United States	404	5	28	119	252	-13.9%	-14.3%	-13.5%	-15.4%	-13.2%

Source: Federal Bureau of Investigation

\*2009 data in lieu of 2010

The City of Kansas City's property crime rates are comparatively high, but have also declined since 2005. In 2010, 5,571 property crimes were reported for every 100,000 residents in the city, higher than Charlotte (4,350), the state (3,346), and the nation (2,942). Over the five-year period, overall property crime declined in the City of Kansas City by 28.3 percent. Charlotte (-36.8 percent) was the only city to see a more rapid decline in property crimes between 2005 and 2010. It is important to note, however, that Charlotte's decrease in violent and property crime rates may be partially due to annexation; between 2005 and 2010, Charlotte's city limits were extended by approximately 31 square miles.

### Property Crime Rates per 100,000 Residents, 2010

	Property Crimes Per 100,000				Percent Change from 2005 - 2010			
	All Property Crime	Burglary	Larceny - Theft	Motor Vehicle Theft	All Property Crime	Burglary	Larceny - Theft	Motor Vehicle Theft
Kansas City, MO	5,571	1,474	3,441	656	-28.3%	-11.1%	-28.7%	-49.2%
Indianapolis, IN*	5,829	1,871	3,407	551	-6.8%	29.6%	-7.7%	-50.9%
Charlotte, NC	4,350	1,169	2,847	334	-36.8%	-38.1%	-27.8%	-68.1%
Oklahoma City, OK	5,817	1,731	3,455	630	-26.6%	3.1%	-35.8%	-27.0%
Missouri	3,346	735	2,343	268	-14.8%	-0.4%	-14.7%	-39.5%
United States	2,942	700	2,004	239	-14.3%	-3.8%	-12.4%	-42.7%

Source: Federal Bureau of Investigation

\*2009 data in lieu of 2010



In the 2010-2011 crime rankings published by the Congressional Quarterly, Kansas City ranked 21<sup>st</sup> out of 400 cities for incidences of crime, a higher ranking than all comparison cities. As most in Kansas City acknowledge, the city must address its crime issues to ensure that it remains attractive to new residents, visitors, and business leaders.

**Concerns over public safety were frequently voiced during focus group sessions. Even so, participants stated that local media too frequently portrayed the city as an unsafe area when the majority of violent crimes are actually concentrated in a handful of neighborhoods. However, over half of online survey respondents ranked their sense of public safety as average or below.**

*Congressional Quarterly City Crime Rankings (High to Low), 2010-2011*

	Rank	Score
St. Louis, MO	1	381.62
Camden, NJ	2	374.33
Detroit, MI	3	356.44
Flint, MI	4	310.31
Oakland, CA	5	308.29
Richmond, CA	6	287.15
Cleveland, OH	7	260.60
Compton, CA	8	260.13
Gary, IN	3	250.48
Birmingham, AL	10	244.83
Kansas City, MO	21	186.01
Indianapolis, IN*	29	154.46
Oklahoma City, OK	50	126.96
Charlotte, NC	118	66.25

Source: CQ Press using reported data from the F.B.I. "Crime in the United States 2009."

Community names reflect the city.

Score indicates amount composite crime rate above or below the national rate.

The City of Kansas City and its new Police Chief Darryl Forte' are implementing a number of efforts to try to curb crime in the city. Among these is an intensification of officers deployed to four violent "hot spots" in Kansas City that are currently besieged by crime. These hotspots encompass 13 square miles and are responsible for half of the city's homicides and 42 percent of its aggravated assaults since 2009.

Other measures designed to improve public safety and improve at-risk neighborhoods include the Police Department's \$57 million plan to bulldoze houses and construct a new East Patrol station and modern crime lab in East Kansas City, City Manager Troy Schulte's plan to increase spending on demolishing dangerous

buildings, mowing abandoned lots, and expanding the city's minor home repair program, the work of the Violent Crime Commission appointed by Mayor James, the Greater Kansas City Chamber Big 5 strategy focused on an Urban Core Neighborhood Initiative, and a recently announced petition drive to place an 18-cent sales tax on the ballot to address blight, economic development, and neighborhood stabilization.

## Transportation and Infrastructure

One of the "traditional" components of local competitiveness, infrastructure affects a community's capacity to effectively move people, goods, and information and is still a key element of site-selection processes that weighs heavily in a company's location decision-making. While most communities and states have well-established mechanisms to measure and enhance infrastructure, it is nevertheless important to broadly assess whether local capacity is competitive.

### *Road Transportation*

The presence of federal interstate highways continues to be a necessity for many firms who depend on them to cost-effectively move goods to market and workers to jobs. Kansas City benefits from the presence of three interstate highways: I-35, I-70, I-29. Branded as the "Heart of America," Kansas City is in a prime geographic location with 83 percent of the nation's GDP reachable within a two day's drive. In the future, Kansas City's highway connectivity will continue to expand as I-49 is extended from Louisiana through Kansas City to connect with its existing interstate network.

Major road projects currently underway include constructing a new half diamond interchange at I-435 and I-70, which entails adding lanes to I-70 and modifying ramps, and rehabilitating 14 eastbound bridges on I-70 from Troost Avenue to Route 40. Funded by the American Recovery and Reinvestment Act, the I-70/I-435 interchange project has a \$32.4 million budget and is set to be completed in 2012.

### *Air Transportation*

Access to reliable, affordable, and well-connected air transportation is critical for business travel, personal travel, and tourism. Air cargo facilities also support companies in the logistics, manufacturing and agriculture sectors. The Kansas City International Airport (KCI) is the region's principal passenger and cargo air facility. Currently, KCI has 11 airline carriers providing nonstop service to 49 destinations, a higher number than the primary airports in Indianapolis (34 nonstop destinations) and Oklahoma City (20) but less than Charlotte (127). KCI had the lowest average fares of the benchmark airports in the first quarter of 2011, with fares averaging roughly \$2 less per trip than Indianapolis International and \$61 less per trip than Charlotte Douglas International. This is notable in the face of an 8.6 decrease in passenger enplanements over the last five years.

Charlotte Douglas International Airport (CLT) is by far the highest-capacity passenger facility among the comparison communities, with nearly 35.7 million passengers enplaned from August 2010 to August 2011. Charlotte's larger population and business base, rapid rate of growth, robust collection of regional office and headquarter operations, and presence of U.S. Airway's largest hub help to explain this data.

In terms of air cargo, as a second domestic hub for Federal Express, Indianapolis International (IND) exceeds all comparison communities with over 1.9 billion pounds of freight transported from August 2010 to August 2011. Indianapolis is also an airport of choice for Midwestern manufacturers and it currently the 8<sup>th</sup> largest cargo carrier nationwide and 22<sup>nd</sup> worldwide. By comparison, KCI moved 188 million pounds of freight, lower than CLT (230 million) but higher than Will Rogers World Airport in Oklahoma City (71 million). Over a five-year period, Kansas City experienced the largest percentage decrease in pounds of cargo (36.9 percent) of all comparison airports.

**The announced development of a new airport terminal at KCI was met with mixed feelings by focus group participants. On the one hand, focus group respondents felt that the convenience of Kansas City International Airport's multi-terminal design was unmatched. On the other, stakeholders saw the need for a more "modern" airport that better caters to travelers with a layover. Input respondents also noted that KCI and city-owned land adjacent to the airport have the potential to be far more aggressively leveraged for multi-modal distribution and logistics-sector development.**

#### Airline Passenger and Freight Traffic, 2011

	Primary Airport	Nonstop Destinations	Number of Carriers	Number of Passengers, 2011, (thousands)*	Pounds of Freight, 2011, (millions)	Average Ticket Price, 1Q2011
Kansas City, MO	Kansas City International	49	11	9,913	188	\$331
Indianapolis, IN	Indianapolis International	34	9	7,316	1,903	\$333
Charlotte, NC	Charlotte Douglas International	127	10	35,696	230	\$392
Oklahoma City, OK	Will Rogers World	20	6	3,409	71	\$390

Source: U.S. Bureau of Transportation Statistics

#### *Commuting Patterns*

Commuter delays are more than an inconvenience; they cost workers through increased fuel consumption, more wear and tear on vehicles, and lost time. In the City of Kansas City, 75.3 percent of workers face a daily one-way commute of less than 30 minutes, a notably higher proportion than the nation (64.6). Among the benchmark communities, the city falls in the middle of the pack (66.9 in Charlotte, 71.5 in Indianapolis, and 79.8 in Oklahoma City). A mere 2.7 percent of city workers spend an hour or more commuting to work (compared to 8.0 percent nationwide). Per capita, Kansas City residents traveled more on the freeway daily (13.3 vehicle-miles per resident) than residents of the comparison metro areas.

## Travel Time Statistics, 2010

	Kansas City, MO	Indianapolis, IN	Charlotte, NC	Oklahoma City, OK
Overall Index	1.11	1.17	1.17	1.1
Overall Rank	51	34	34	56
Annual Hours of Delay per Traveler	23	24	25	24
Daily Freeway Vehicle-Miles of Travel (000s)	20,899	13,191	11,654	9,519
<i>Per Capita</i>	13.3	10.8	11.1	9.8
Annual Transit Passenger-Miles of Travel (millions)	74.7	46.8	122.2	14.4
<i>Per Capita</i>	47.4	38.3	116.2	14.9

Source: Texas Transportation Institute

Community names reflect urbanized area.

Note: Rankings are out of 101 metro areas, 1 = Worst, 101 = Best

Compared to national figures (86.2 percent), the City of Kansas City is more dependent (88.8 percent) on cars as a means of transportation to work. In fact, there is a greater proportion of workers in Kansas City that telecommute than take transit, departing from national trends. Approximately 3.9 percent of workers in Kansas City telecommute, 3.7 walk or ride a bike to work, and only 3.5 percent use public transportation compared to 4.3, 4.9, and 4.5 percent, respectively, nationwide.

The City of Kansas City is taking strides to improve access to alternative modes of transportation. The city is committing to extend the total number of bike lanes while Mayor Sly James' meeting with U.S. Transportation Secretary Ray LaHood was a first step towards securing \$25 million dollars to fund Kansas City's streetcar. Kansas City has also seen ridership gains in its bus-rapid transit lines and has plans to increase the system.

**While acknowledging that its "spread out" geography hampers the City of Kansas City's ability to provide competitive transit service for its transit-dependent population and potential "choice" riders, public input participants nevertheless said that the lack of frequent and reliable transit service presented a challenge to the community's lower-income residents and their ability to access employment and training. This was said to perpetuate the dynamics of poverty in certain Kansas City neighborhoods. The online survey further detailed the low perceptions of public transportation infrastructure in the city, over half of respondents felt that the city's public transportation infrastructure was either below average or poor while focus group participants, specifically those concerned about tourism, cited the lack of public transportation in the city as a competitive challenge.**

The Texas Transportation Institute's travel time index measures the ratio of travel time during the peak travel period to the travel time in free-flow traffic. For example, Kansas City's travel time index of 1.11 means that a 30-minute trip in uncongested, off-peak travel would take 33.3 minutes in peak travel ( $30 \times 1.11$ ). For 2010, commuters in the Kansas City urbanized area spent 24.2 million hours of delay in traffic or 23 hours per commuter. Compared to the benchmark urban areas, Kansas City (51<sup>st</sup>) ranked better than Indianapolis and Charlotte but behind Oklahoma City (56<sup>th</sup>).

## **Water and Sewer**

**Concerns over Kansas City's aging water and sewer infrastructure, as well as how the city will fund EPA mandated repairs, were consistently expressed during focus group sessions. One resident explained that their monthly water bill is now equal to the bill they used to receive quarterly. Public participants felt that rising water and sewer rates increased their cost of living. Online survey respondents further cited water and sewer infrastructure as a major competitive weakness for the city. Nearly half of online survey respondents described water and sewer reliability as below average or poor. Overall, the improvement of the city's water and sewer infrastructure was seen as a priority, but an equitable distribution of the costs among the region was recommended.**

## Quality of Life

With today's top talent often choosing where they want to live first and then finding work second, a community's capacity in quality of life is critical to its economic development competitiveness. The enhancement of key livability factors, such as cultural amenities, rankings, and environmental quality, should not be ignored by organizations charged with growing a region's economy.

The City of Kansas City has a diverse set of competitive assets that attract businesses, talent, and visitors including museums, historic districts, entertainment districts, and venues which host sporting events and concerts. Some of these assets include:

### **Museums and Festivals**

- Kansas City Museum
- Science City
- Kemper Museum of Contemporary Art
- National World War I Museum
- Nelson-Atkins Museum of Art
- Toy and Miniature Museum
- Kansas City Fringe Festival

### **Sports**

- College Basketball Experience
- Kauffman Stadium
- Arrowhead Stadium
- Sprint Center
- Kemper Arena

### **Historic or Entertainment Districts**

- 18<sup>th</sup> and Vine District
- Crossroads Art District

- Freight House District
- Power and Light District
- Westport
- City Market

#### **Parks and Attractions**

- Swope Park
- Kansas City Zoo
- Penn Valley Park
- Worlds of Fun/Oceans of Fun
- Schlitterbahn Kansas City
- Negro Leagues Baseball Museum

#### **Performing Arts and Music**

- American Jazz Museum –Jammin’ at the GEM
- American Heartland Theatre
- The Blue Room
- Folly Theatre
- Gem Theater
- Kansas City Repertory Theatre
- Kansas City Symphony
- Kauffman Center for the Performing Arts
- Lyric Opera of Kansas City
- The Midland by AMC
- Off Center Theatre
- Todd Bolender Center for Dance and Creativity
- UMKC Conservatory of Music and Dance
- Union Station Theater District
- Unicorn Theatre

The aforementioned assets, particularly the recently opened Kauffman Center for the Performing Arts, have brought a lot of national attention to the city’s arts community. In 2011, Kansas City was featured as one of the top ten destinations for 2012 by Frommer’s and one of ten best downtowns in America by Forbes. Frommer’s chose Kansas City because of the Kauffman Center’s offerings of performances by the Kansas City Ballet, the Kansas City Symphony, and the Lyric Opera of Kansas City; its diverse array of museums; the dining, entertainment, and shopping opportunities in the Power and Light District; and of course, barbecue. Forbes cited the Kauffman Center, the walkability and livability of the downtown area, its wide variety of neighborhoods, including The Plaza, which features upscale shopping and entertainment, and its wide selection of barbecue restaurants as reasons for downtown Kansas City making its list. Saveur magazine also named Kansas City as the “next big thing for food” in the year 2012.

In November 2011, Jackson and Clay County voters approved a 1/8-cent sales tax that creates a sustainable revenue stream for the Kansas City Zoo. The tax, expected to generate over \$14 million a year in revenues, will enable the zoo to significantly enhance its attractions and visitor experience. An entertainment group also announced the development of a \$15-million aquarium to be located at the Crown Center.

**More than half of survey respondents visited Downtown Kansas City to dine, attend events at the Kauffman and Sprint Centers, attend concerts, or go to performing arts events. Suburban residents were drawn to downtown for dining options, Sprint Center events, and plays, musicals, and other arts events while urban residents stayed downtown for entertainment events at the Sprint and Kauffman Centers.**

**Focus group participants singled out the new Kauffman Center for the Performing Arts as a potentially transformative catalyst for taking Kansas City's arts economy to the next level and attracting visitors to the city. The Kauffman Center, along with the world-class Nelson-Atkins Museum of Art, the Crossroads Arts District, and other assets must be effectively leveraged by economic and tourism development officials if they are to impact the regional economy beyond their current scope. While arts constituents say they do not know exactly how these resources will be leveraged, they say that a critical first step is for local officials to actively consider the arts as an important contributor to the local economy.**

The Crossroads Arts District is set to receive nearly \$35 million in improvements from capital projects in the coming years, including upgrades to 18<sup>th</sup> and 20<sup>th</sup> Streets and wayfinding signs to guide patrons to the Kauffman Center. The projects were prioritized based on the Greater Downtown Area Plan coordinated by Kansas City's Downtown Council. Enhancement of the arts is the focus of another of the Greater Kansas City Chamber's Big 5 strategies, "Moving the UMKC Conservatory of Music and Dance to a New Downtown Location." Since the strategy was announced, the project has evolved into a concept focused on developing a downtown UMKC Campus for the Arts that would potentially house the Conservatory as well as the university's Theater Department, the Kansas City Repertory Theater, the KCUR public radio station, and other arts assets. The initiatives leaders report that progress has been achieved in gaining support of UMKC students and faculty, outreaching to potential donors, and the initiation of three studies to explore the viability of a Downtown Campus for the Arts.

The Kansas City area's dynamism in the arts is fueled by a concentrated array of non-profit arts-support entities with significant resources to invest. In Kansas City's three-county core in 2011, there were 0.35 nonprofit arts entities per capita, a higher concentration than all the comparison communities, the state and nation. The city's arts nonprofit organizations are also supported by higher revenue per resident (\$180.76) than all other comparison benchmarks as well as state and national averages.

Private sector arts-related businesses, however, are less concentrated than comparison benchmark communities. The number of arts-related business and employees per 1,000 residents in the City of Kansas City's two congressional districts (2.16 and 9.61, respectively) were below all other comparison benchmark areas. Indianapolis, supported by its dedicated arts funding streams at the city and county level, had the highest level of arts-related employees per 1,000 residents.

## Arts Capacity, 2011

	Arts Businesses				Arts Non-profits			
	Arts-Related Businesses		Arts-Related Employees		Organizations		Revenue	
	#	Per 1,000 residents	#	Per 1,000 residents	Number Filing 990	Per 1,000 Residents	Total Revenue Reported	Per Resident
Kansas City, MO	2,870	2.16	12,763	9.61	349	0.35	\$178,529,298	\$180.76
Charlotte, NC	5,643	2.46	21,054	9.16	277	0.31	\$124,442,384	\$137.52
Indianapolis, IN	1,531	2.26	10,959	16.20	277	0.30	\$166,902,034	\$180.74
Oklahoma City, OK	1,778	2.37	7,358	9.82	266	0.27	\$72,888,276	\$74.52
Missouri	N/A	N/A	N/A	N/A	1,873	0.31	\$466,008,306	\$77.72
United States	N/A	N/A	N/A	N/A	93,897	0.30	\$32,748,770,897	\$105.86

Source: Americans for the Arts, National Center for Charitable Statistics

Note: Arts businesses are by congressional districts which approximate each city's geography. Kansas City's figures include 5th and 6th congressional districts, of which the 6th district includes rural areas. Arts nonprofit capacity is at the county-level, with Kansas City approximated by the three-county area of Clay, Jackson, and Platte.

Non-profit organizations with revenues of \$25,000 or more are required to file a 990 form with the IRS.

## Environment

Protecting the city's environmental quality is important, as it is a factor that both families and businesses consider when making location decisions. The Environmental Protection Agency (EPA) releases information on the number of facilities in a given region producing or releasing pollutants that affect air and water quality through its Envirofacts database.

Compared to the benchmark communities, the City of Kansas City has a significantly higher per capita number of facilities that produce and release air pollutants (98.7 per 100,000 residents), that have reported hazardous waste activities (408.9), that are part of a Superfund (5.9), and that discharge into regional bodies of water (74.6) than all three comparison cities. However, Kansas City (28.1 per 100,000 residents) is surpassed by the City of Indianapolis (31.3) in the number of facilities that have reported toxic releases. Kansas City's historically strong manufacturing and logistics economy may have contributed to the high number of facilities that produce air or other harmful pollutants. It has also resulted in a number of brownfield sites and shuttered or low-output manufacturing facilities in Kansas City's industrial areas that pose barriers to redevelopment.



### EPA Envirofacts (per 100,000 residents), 2011

	<i>Number of Facilities Per 100,000 Residents</i>				
	Facilities that Produce and Release Air Pollutants	Facilities that have reported toxic releases	Facilities that have reported hazardous waste activities	Potential hazardous waste sites that are part of Superfund	Facilities issued permits to discharge to U.S. waters
Kansas City, MO	98.7	28.1	408.9	5.9	74.6
Charlotte, NC	48.4	20.4	161.6	2.7	25.8
Indianapolis, IN	33.6	31.3	328.4	2.9	10.4
Oklahoma City, OK	44.8	19.1	200.7	2.6	5.9

Source: EPA Envirofacts, Moody's Economy.com. Nationwide data not available.  
Community names reflect city.

**Stakeholders were particularly concerned about the levels of beryllium contamination at the Bannister Federal Complex. As manufacturing operations at the complex relocate, stakeholders identified the complex's potential for redevelopment provided the site undergoes environmental remediation.**

## Civic Capacity

Volunteer activities and charitable donations are a form of civic participation that underpins all stable, vibrant communities. It is often the capacity of a community's public and private leadership that serves to drive such efforts and ensures that transformative programs and processes are given voice and advanced based on their merits.

As seen in the following chart, the Kansas City core counties' have 5.8 nonprofit organizations per 1,000 people, a greater proportion than all geographical comparison areas except Charlotte (6.3), indicating that Kansas City is a philanthropic community. The nonprofits in Kansas City report higher revenues per capita (\$8,935) than all of the comparison geographies except Indianapolis (\$14,148), which is inflated by the presence of two very large private foundations with assets exceeding \$1.0 billion (Lilly Endowment (Eli Lilly pharmaceuticals) and Lumina Foundation for Education (Sallie Mae lending). Organizations contributing to community-serving efforts in Kansas City include hospitals like Children's Mercy, St. Luke's, and Truman Medical Center, entities such as Children International and Greater Kansas City Community Foundation, and private foundations such as the Ewing Marion Kauffman Foundation, the Hall Family Foundation, and the H&R Block Foundation.

## Registered Nonprofit Organizations, 2011

	Organizations		Revenue	
	Number of Organizations Filing 990	Per 1,000 Residents	Total Revenue Reported	Per Resident
Kansas City, MO	5,751	5.8	\$8,824,310,304	\$8,935
Indianapolis, IN	5,068	5.6	\$12,801,838,053	\$14,148
Charlotte, NC	5,813	6.3	\$2,934,370,075	\$3,178
Oklahoma City, OK	3,520	3.6	\$4,585,542,127	\$4,688
Missouri	27,910	4.7	\$40,479,326,432	\$6,751
United States	1,163,405	3.8	\$1,851,572,344,291	\$5,985

Source: National Center for Charitable Statistics; Moody's Economy.com  
Community names reflect county area aggregates.

Over a three-year period from 2008-2010, the Kansas City metro area ranked 12<sup>th</sup> among 51 large metros in citizen-volunteer rates, higher than Charlotte (26<sup>th</sup>) and Indianapolis (19<sup>th</sup>). Oklahoma City was ranked 7<sup>th</sup>. Over this period, Kansas City ranked 35th in the number of hours per resident devoted to charitable work (29.6), ahead of Charlotte (43rd) but behind Oklahoma City (2nd) and Indianapolis (21st). While Kansas City's volunteer hours per resident lags behind the state (35.5) and the nation (34.1), the metro area's volunteer rate (30.3 percent) surpassed both these geographic averages (29.0 percent and 26.5 percent, respectively). The majority of Kansas City volunteers work with religious (34.5 percent) and educational organizations (26.5 percent).

## Volunteering, 2008-2010<sup>a</sup>

	Number of Volunteers (000s)	Hours of Service (millions)	Volunteer Rate	Rank	Volunteer Hours Per Resident	Rank
Kansas City, MO-KS MSA	447.7	43.6	30.3%	12	29.6	35
Charlotte, NC MSA	371.2	39.0	26.9%	26	28.2	43
Indianapolis, IN MSA	376.2	47.4	27.7%	19	34.9	21
Oklahoma City, OK MSA	333.8	49.2	32.1%	7	47.2	2
Missouri	1,300	163.2	29.0%	22*	35.5	26*
United States	62,700	8,100	26.5%	-	34.1	

Source: Corporation for National and Community Service "Volunteering in America" report  
Community names reflect metro area.

Rankings are based on a three-year moving averages of the indicators shown above.

Note: Rankings are out of 51 large metro areas, 1 = Highest, 51 = Lowest

\*Ranking is among 50 states.

**When asked to name the “best thing” about Kansas City, focus group participants often cited the community’s giving nature and volunteerism as key assets. Non-profit entities were reported to be widely supported and active contributors to local wellbeing contributing to the City’s high level of community attachment. In all, over 70 percent of survey respondents identified themselves as attached or very attached to the city.**

## KEY TAKEAWAYS

The following key findings/takeaways from the PLACE section will directly inform the development of strategies to address the challenges, threats, opportunities and priority issues that emerged from the Competitive Snapshot research.

- ✓ Perceptions and realities of crime in the City of Kansas City are deterrents to population and economic growth. Despite reports that most crime is concentrated to a handful of neighborhoods, many local residents feel the city is not safe. Along with public education, fear of crime is the most often cited reason for residents moving out of Kansas City.
- ✓ The City of Kansas City’s spread-out, low density geography complicates the provision of public services, utilities, and transit capacity to attract “choice” riders. The city is also faced with billions of dollars in federally mandated improvements to its water and sewer infrastructure. Kansas City’s road system, however, is a key asset for the mobility of people and goods.
- ✓ Kansas City International Airport was said to have tremendous opportunities to increase its total cargo tonnage by leveraging adjacent property to attract warehouse and distribution employers.
- ✓ A dynamic arts scene, the revitalization of Downtown Kansas City and the Crossroads Arts District, and other local amenities are making the city more attractive to the creative class. Many stakeholders feel Kansas City should promote itself as the region’s “urban alternative” as a way to better focus economic development efforts.
- ✓ Kansas City’s industrial past has left a legacy of brownfields and greyfields that are ripe for redevelopment and reuse. Opportunities in small-scale production and advanced manufacturing are said to still be compelling targets for the city to pursue.

## CONCLUSION

This Competitive Snapshot has shown that the City of Kansas City and its region are poised to assume a more high profile position amongst the nation's top metropolitan areas. However, key competitive dynamics must be addressed, concerning trends reversed, and the community's surfeit of world-class assets and amenities be more effectively leveraged.

Three key themes that repeatedly emerged throughout this report's research were **connection**, **vision**, and **focus**. All interrelated, these themes and their strategic implications will be important informants of the AdvanceKC Strategy and Implementation Plan.

### CONNECTION

Whether referring to divides like "east of Troost," "north of the river," the state line between Missouri and Kansas, disconnected nodes of commercial activity in Kansas City, or more broadly to the "silos" in city government or the continuing divisions between the city's races and ethnicities, the need for new and renewed connectivity was cited time and again as a critical strategy for Kansas City to pursue. While trite, it is nevertheless true that "it takes a village" to not only raise children, but educate them, connect them to quality jobs, ensure their safety, and provide them with quality of life amenities that will make them choose Kansas City as a place to live and raise their own children. Only by unifying across its multiple divides can the City of Kansas City (and its region) hope to compete against the nation's most successful metro areas.

### VISION

Without a vision for future development, quality growth, progressive change, and the "brand" that Kansas City wants to convey to the outside world, the city will continue to be a community with assets and promise but frustratingly short of achieving its full potential. Numerous plans have been developed for the City of Kansas City and its region encompassing a wide range of elements, but – as with other issues – these efforts often are created and implemented in a vacuum without the benefit of coordination of initiatives (the "connection" theme again). Stakeholders said a key benefit of AdvanceKC could be the potential to unify these multiple visions into a single comprehensive and holistic direction for Kansas City to follow. Marching in strategic lockstep will ensure that commitments of funds and personnel are maximized, overlap is reduced, and the chorus of Kansas City interests can sing "from the same songbook."

### FOCUS

Developing focused strategic efforts flows naturally from improved connections and agreement on a consensus vision for growth. According to multiple stakeholders, Kansas City currently lacks this focus, resulting not only in disconnected programs and operations among multiple public, public-private, and not-for-profit entities, but also reactive economic development policies. A prime example is the Economic Development Corporation of Kansas City; this agency more than any other was singled out by input respondents as reflecting the reactive

nature of business development in the city. Rather than plant seeds of growth or nurture existing stalks, the EDC was said to respond to opportunities willy-nilly based on interest from developers. Certainly the EDC's programs span a much broader spectrum than simply directing incentives at development projects, but that is still the *perception* of the Corporation in the minds of many local leaders. With an agreed-upon vision for local growth, the EDC should become a much more focused entity, targeting its investment tools and existing-business programming on the city's highest-value opportunities consistent with its development vision. In addition, they will need to be partners with many diverse groups.

## NEXT STEPS

This Competitive Snapshot was a critical first step in understanding the strengths, weaknesses, opportunities, and barriers for economic development and quality growth in the City of Kansas City. The AdvanceKC plan will utilize these findings to develop a strategic vision for collective and focused economic and community development that leverages multiple ongoing initiatives and efforts. The linkage between this research and the proposed strategic actions will be dialog with and feedback from the Steering Committee. The process's Implementation Guidelines will then seek to unify local programs under a connected strategic framework. Lead and support entities for key initiatives will be identified and entities like the EDC will be assessed as to the optimal operational and programmatic dynamics for success.

## APPENDIX A: METHODOLOGY

This report examines the City of Kansas City's trends and competitiveness related to People, Prosperity, and Place compared to three other cities, the state of Missouri, and the nation. The comparison communities are Charlotte, North Carolina; Indianapolis, Indiana; and Oklahoma City, Oklahoma.

### GEOGRAPHY

This report examines trends in the City of Kansas City. Where city level data were not available, the report utilized a three-county area of Clay, Jackson, and Platte counties ("Kansas City county area") which accounted for the majority of the city's population according to the Mid America Regional Council and the Office of the City Manager. These counties were then compared to Mecklenburg County (Charlotte City, NC); Marion County (Indianapolis City, IN); and Oklahoma and Cleveland counties (Oklahoma City, OK). Where data were not available at the county level, metropolitan area statistics were utilized. Each graphic includes a source note describing the level of geography measured.

### DATA SOURCES

Market Street used the most recent data available for this Competitive Snapshot. Reputable and reliable private, non-profit, local, state, and national government data sources were leveraged, with every effort made to match methodologies and units of comparison across sources to provide the most accurate and informative analysis of City of Kansas City's demographic trends, economic structure, and the overall competitiveness of the community's business climate.

National and state government sources used in this analysis included the U.S. Census Bureau; U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis; the Federal Bureau of Investigation; National Science Foundation and the statistics or information divisions of several federal government department bureaus. The education, tax, health, and economic development departments of Missouri, North Carolina, Indiana, and Oklahoma were also used for the benchmark comparisons.

Individual websites for colleges, universities, municipalities, counties, Chambers of Commerce, and Economic Development Authorities, and real estate organizations were also used in this report as primary data sources. Additionally, the following sources were used: National Institute for Early Education Research, National Center for Charitable Organizations, and CB Richard Ellis.

### STAKEHOLDER INPUT

Market Street and Sturges Word Communications staff conducted six days of stakeholder input with community leadership. Over a dozen interviews, fifteen focus groups, and two online surveys with over 200 combined responses led to the information integrated throughout this report and in Appendices B and C.

## APPENDIX B: COMMUNITY SURVEY

This survey was directed to all Kansas City stakeholders and was promoted in the press and through other means. One hundred and ninety three stakeholders responded to the survey. A bit about the respondents:

- 76.8 percent live the City of Kansas City; 11.0 percent live in the Kansas suburbs, 8.4 percent live in the Missouri suburbs, and 3.8 percent live in rural areas;
- 70.6 percent have been part of the Greater Kansas City community for 15 years or more, 17 percent between six and 15 years, 6.2 percent between three and five years, and 6.2 percent have lived in the region less than three years;
- Only 2.5 percent of respondents are under the age of 25, 27.3 percent are between the ages of 25 and 39, 36.6 percent are between the ages of 40 and 55, and 33.5 percent are older than 55;
- 80.7 percent of respondents are white, 12.4 percent are African American, 2.5 percent are Hispanic, 2.4 percent are another race or ethnicity (or multiple races/ethnicities), and 1.9 percent of respondents preferred not to answer the question.

### "BIG PICTURE" QUESTIONS

**In your opinion, what is the Kansas City area's greatest strength?**

The most frequent answers provided, in descending order, are as follows:

- Location (heart of the US)
- Its people
- The arts scene/culture/history
- Low cost of living
- Its many different neighborhoods/communities
- Size of the city (not too small or big but has all the amenities you need)
- Diversity
- Quality of workforce
- Available amenities
- Quality of life
- Infrastructure
- Family friendly
- Beauty
- BBQ
- Sense of community
- Business friendly
- The city's potential

**Please share with us a phrase, quote, or slogan that might appropriately describe the desired future of the City of Kansas City.**

The most frequent answers provided, in descending order, are as follows:

- Big city amenities, with small town convenience
- Many small towns within a big city
- The Big, small, friendly town in the heart of the USA
- Paris of the Plains
- Paris of the Midwest
- Kansas City is Art
- Welcome to the Cultural Crossroads of America!
- Progressive Midwestern
- Kansas City - always changing, always growing, always home
- KC -- a cultural Mecca in the heart of the Midwest
- Kansas City, the incubator of new ideas

**Please share your vision for the future of Kansas City. Imagine if you were to leave the community and not return for ten years. What would you like to see different about the community, if anything?**

The most frequent answers provided, in descending order, are as follows:

- Revitalize urban core
- Public school overhaul
- Institute a convenient mass transportation system (light/heavy rail, streetcar, etc.)
- Better infrastructure and maintenance (sewers/roads/sidewalks, etc.)
- Improved blight areas of town
- Implement a bike/walk (commuter) system
- Less crime
- Vibrant neighborhoods/established housing market
- Better/new leadership
- Job/entrepreneurship growth
- Public pride
- Unity between MO/KS
- Less segregation/racism
- Greater population density
- MO Riverfront development
- Tourism mecca



## "PEOPLE" QUESTIONS

Please rate the following aspects of Kansas City's demographic and socioeconomic dynamics (0=lowest, 4=highest):

	Rating Average
Availability of local 2-year and 4-year college programs	2.92
Affordability of local 2-year and 4-year college programs	2.74
Availability of private K-12 schools	2.40
KC's ability to offer workers the "American Dream"	2.21
Poverty in Kansas City suburbs	2.05
KC's national image as a place to live/work/visit	1.98
Home foreclosures in the region	1.77
Afford. of private K-12 schools	1.71
Regional race relations	1.50
Poverty in the City of Kansas City	1.18
Suburban flight	1.08
Quality of K-12 schools	0.49

### With which school district are you most familiar?

- Kansas City Public School District: 46.3 percent
- Other districts: 33.7 percent
- Private K-12 schools: 86 percent
- Park Hill: 6.9 percent
- North Kansas City: 4.6 percent

Please respond to the following statements about the district with which you are most familiar (0=Strongly Disagree, 4=Strongly Agree):

(Cross-tabbed by district)

	Blue Springs	Blue Valley	Center	Hickman Mills	Kansas City, Missouri	Kansas City, Kansas	Lee's Summit
Children in this district receive a high-quality education.	3.33	3.75	0.67	1.00	0.66	2.33	2.50
Teachers and administrators are committed and engaged.	3.33	3.25	1.33	2.33	1.55	3.00	1.50
There are ample opportunities for advanced students.	3.33	3.75	0.67	2.00	1.37	2.67	3.00
There are solid resources for disadvantaged or disabled students.	3.33	3.00	1.00	1.50	1.20	2.00	2.00
Facilities are modern, well-kept, and sufficiently spacious.	3.33	3.75	1.33	1.33	1.44	2.33	3.50
Students have access and exposure to technology in the classroom.	3.33	3.50	1.00	2.00	1.63	3.00	3.00
Schools in this district provide a safe learning environment.	3.00	3.25	1.00	1.67	0.88	2.33	3.50
Dropout rates are not a serious problem.	2.00	2.75	1.00	0.33	0.62	2.00	3.00
After-school programs are widely available.	3.50	3.50	0.00	2.50	1.33	1.50	2.00
Students have sufficient career guidance.	3.50	3.00	0.00	1.00	0.94	1.67	1.50
Parents, community, and business leaders are committed to quality, public K-12 education.	3.67	4.00	1.67	1.00	1.28	2.67	3.00

	Liberty	North Kansas City	Olathe	Park Hill	Raymore- Peculiar	Raytown	Shawnee Mission
Children in this district receive a high-quality education.	3.50	2.67	3.14	3.85	3.00	3.00	3.17
Teachers and administrators are committed and engaged.	4.00	3.00	3.14	3.58	2.00	3.33	3.00
There are ample opportunities for advanced students.	4.00	2.88	3.60	3.36	3.00	3.00	3.33
There are solid resources for disadvantaged or disabled students.	2.00	2.71	3.20	3.18	1.50	3.00	3.00
Facilities are modern, well-kept, and sufficiently spacious.	3.50	2.44	3.29	3.46	3.00	3.33	2.50
Students have access and exposure to technology in the classroom.	3.50	3.00	3.50	3.38	3.00	3.33	3.00
Schools in this district provide a safe learning environment.	3.50	2.78	3.57	3.38	3.50	3.33	3.17
Dropout rates are not a serious problem.	3.50	1.71	3.60	3.25	2.00	3.00	2.83
After-school programs are widely available.	2.50	2.75	3.50	3.22	2.00	3.00	3.00
Students have sufficient career guidance.	2.00	2.43	2.67	3.11	3.00	3.00	2.60
Parents, community, and business leaders are committed to quality, public K-12 education.	4.00	2.78	3.43	3.85	3.00	3.67	3.00

Note: No responses/incomplete responses were garnered for the following districts: Belton, Fort Osage, Grandview, Independence, Smith, and Smithville.

(Cross-tabbed by district)

	City of Kansas City, Missouri	Missouri Suburbs	Kansas Suburbs	Missouri Rural Area	Kansas Rural Area
Children in this district receive a high-quality education.	1.49	2.69	3.00	3.67	0.50
Teachers and administrators are committed and engaged.	2.22	2.85	2.93	3.33	0.50
There are ample opportunities for advanced students.	2.01	3.17	3.14	3.67	2.50
There are solid resources for disadvantaged or disabled students.	1.70	2.91	2.64	3.33	1.50
Facilities are modern, well-kept, and sufficiently spacious.	1.98	3.25	2.87	3.67	2.50
Students have access and exposure to technology in the classroom.	2.19	3.17	3.07	3.67	2.00
Schools in this district provide a safe learning environment.	1.68	2.85	2.80	4.00	2.00
Dropout rates are not a serious problem.	1.35	2.09	2.40	3.00	0.00
After-school programs are widely available.	1.92	3.00	2.93	3.33	2.00
Students have sufficient career guidance.	1.54	3.00	2.31	3.67	1.50
Parents, community, and business leaders have a commitment to quality, public K-12 education.	1.95	2.92	3.27	3.00	1.00

### What do you think needs to be done to improve your school or school district?

Only 90 of the respondents answered this question, of which 72 provided comment on Kansas City Public Schools. The following are the frequent answers provided for this district with the top responses listed first.

- New board/leadership
- Involve the parents/hold accountable
- Hire quality teachers/administrators
- Better curriculum
- Completely redevelop the public school system
- Neighborhood/communities need to work together to better their district
- More state funding/involvement
- No complaint/private schools are good

- Allow teachers to have more autonomy
- Create more school hours/afterhours activities
- Connect with higher education institutes/jobs after graduation
- Involve and hold accountable teachers/administrators
- Keep kids in district
- Private sector funding/involvement
- Higher standards regarding test scores
- KC school district needs to be under management group
- Sell the multiple abandoned schools and use the money in current schools
- School districts should be divided up among adjacent districts
- Stop wasteful spending
- Provide a safe learning environment

Please rate the quality of Greater Kansas City's public and not-for-profit private colleges and universities (0=lowest, 4=highest):

	Rating Average
Avila University	2.93
Baker University	2.91
Calvary Bible College	2.38
Donnelly College	2.16
Haskell Indian Nations University	2.26
Johnson County Community College	3.32
Kansas City Art Institute	3.41
Kansas City University of Medicine & Biosciences	3.15
Kansas City, Kansas Community College	2.58
Metropolitan Community College	2.72
MidAmerica Nazarene University	2.72
Midwest Baptist Theological Seminary	2.39
Ottawa University	2.39
Park University	3.07
Rockhurst University	3.48
St. Paul School of Theology	2.84
University of Central Missouri	2.98
University of Kansas	3.42
University of Missouri-Kansas City	3.37
University of Saint Mary	2.85
William Jewell College	3.33

Do you feel there will be job opportunities available to you (or your child) in Kansas City upon graduation from high school, college, or university, or upon completion of military service?

- Yes: 51 percent
- In the future, but not in the current economic climate: 25.5 percent
- Don't know: 13.4 percent
- No: 10.2 percent

### What do you feel is the GREATEST STRENGTH of the Kansas City workforce?

The following are the frequent answers provided to this question with the top responses listed first.

- Work ethic
- Diversity
- Availability
- Educated
- Midwestern Values
- Want to learn
- Like living in KC
- Make do with what they are given

### What do you think is the GREATEST WEAKNESS of the Kansas City workforce?

The following are the frequent answers provided to this question with the top responses listed first.

- No skill/education base
- Lack of opportunity for workers
- Transportation
- Work ethic/drive
- Lack of good paying jobs
- Sense of entitlement
- Workers leave for other cities
- Union-centric jobs
- School system
- Good ole boy' system

## "PROSPERITY" QUESTIONS

Please rank whether the following are improving or getting worse in Kansas City, relative to the most recent recessionary period (0= lowest, 4=highest):

	Rating Average
Affordability	2.29

Opportunities for entrepreneurship	2.20
Overall economy	1.93
Visible improvements in region's struggling areas	1.92
Local economic development initiatives	1.76
Job opportunities	1.73
Standards of living	1.68
Wages and benefits	1.56
Stability of the regional housing market	1.48
Unemployment	1.48

**In your opinion, what is the biggest challenge facing the local Kansas City economy?**

The following are the frequent answers provided to this question with the top responses listed first.

- Keeping, retaining, and recruiting companies to KCMO
- School system
- Government/lack of leadership
- Suburban sprawl
- Lack of skill/education base of workforce
- Dependent on the national/global economy
- High unemployment
- Decaying infrastructure
- Poverty
- Crime
- Undeveloped urban core
- Foreclosures in the city
- Business diversity
- City's lack of long term planning
- Lack of growth
- How the city is perceived
- Lack of disposable income
- Lender constraints

**If you were the mayor, what types of policies or programs would you initiate in order to improve the local economy?**

The following are the frequent answers provided to this question with the top responses listed first.

- Incentives for employers to come to Kansas City
- Incentives for current/new small businesses
- Improve public schools
- Improve transportation

- Inner city development
- Permits that help development and small business would be easier to obtain
- Focus on funding for infrastructure
- Focus on quality of life (of KC residents)
- Focus on community to help build
- State and county cooperation
- Focus on unemployment
- Housing initiative to purchase vacant properties
- Make Kansas City a destination for entertainment and young professionals
- Involve businesses in Kansas City development and K-12 schools
- Globally market Kansas City
- No TIF abatement
- Reduce crime

Imagine you are given 20 of your tax dollars to invest in your local economy in order to create jobs, please allocate these dollars in the following industry sectors:

	Rating Average
Education Services	\$3.09
Clean and Green Business	\$2.18
Manufacturing	\$1.98
Information Technology	\$1.95
Biosciences	\$1.75
Scientific and Technical Services	\$1.72
Transportation, Logistics and Warehousing	\$1.46
Tourism	\$1.46
Construction	\$1.44
Agriculture and Food Processing	\$1.17
Headquarters	\$1.01
Professional and Creative Services	\$0.92
Finance and Insurance	\$0.35
Average	\$1.58

*Note: the following questions were filtered by respondents that said they are decision-makers for their companies*

Which of the following best describes your business affiliation?

- Entrepreneur or small business owner: 46.3 percent
- Corporate employee or executive: 34.3 percent
- Small business employee or executive: 19.4 percent



Please rate the following components of the small business and entrepreneurial climate in the Kansas City area. If you are unsure of your answer, please select "Don't Know." (0=lowest, 4=highest):

	Entrepreneur or small business owner	Small business employee /executive	Corporate employee or executive
Small business start-up and development assistance	1.81	2.00	2.61
Availability of capital	1.50	1.55	1.68
Networking opportunities with other entrepreneurs	2.58	2.58	2.86
Business incubation or low-cost business space	2.26	2.23	2.95
Ease and speed of permit review processes	1.10	0.73	1.47
Responsiveness of economic development agencies to small business needs	1.64	1.42	2.16
Responsiveness of local county and/or municipal governments to small business needs	1.20	1.17	1.79

Please rate the following statements according to the degree to which you agree (0=lowest, 4=highest).

	Entrepreneur or small business owner	Small business employee or executive	Corporate employee or executive
My business will remain in Kansas City in the long-term.	2.97	3.21	3.26
My business receives the support it needs to grow.	1.72	2.00	2.22
No trouble finding quality employees for my business.	2.32	2.14	2.47
Labor costs are reasonable.	2.88	2.64	2.95
The cost of utilities is reasonable.	2.47	2.21	2.79
The cost of commercial/industrial space is reasonable.	2.66	2.43	2.89

Please rate the following elements of Kansas City's infrastructure. If you are unsure of your answer, please select "Don't Know." (0=lowest, 4=highest):

	Entrepreneur or small business owner	Small business employee or executive	Corporate employee or executive
Road and highway capacity serving developed areas	3.09	2.77	2.89
Road and highway capacity serving undeveloped areas	2.61	2.23	2.44
Water and sewer reliability	1.56	1.92	1.79

Freight rail capacity	3.18	3.09	2.71
River cargo capacity	2.19	2.60	1.93
Airport cargo capacity	3.29	3.18	3.06
High-speed telecommunications	2.83	2.92	2.84
Electricity affordability and reliability	2.68	2.38	2.74
Public transit	1.36	1.07	1.26
Class A office space	2.52	2.73	2.61
Industrial sites and buildings	2.77	2.91	2.94
Air quality and remediation costs	2.21	2.58	2.28

If you needed assistance finding or training workers for your business, please rate the level of service you would expect to find from the following entities or organizations in regards helping you to meet your workforce needs. (0= lowest, 4=highest):

	Entrepreneur or small business owner	Small business employee or executive	Corporate employee or executive
Greater Kansas City Chamber	1.41	1.70	2.07
Career centers	2.40	2.20	1.81
County and municipal governments	1.12	1.10	1.50
Full Employment Council	1.90	1.09	1.65
PREP-KC	1.63	1.60	1.50
Regional higher education institutions	2.68	2.67	3.00
Workforce Partnership	2.43	2.30	2.10

## "PLACE" QUESTIONS

Please rate the following 20 aspects of Kansas City's quality of life, based on your experiences where you live (0=lowest, 4=highest):

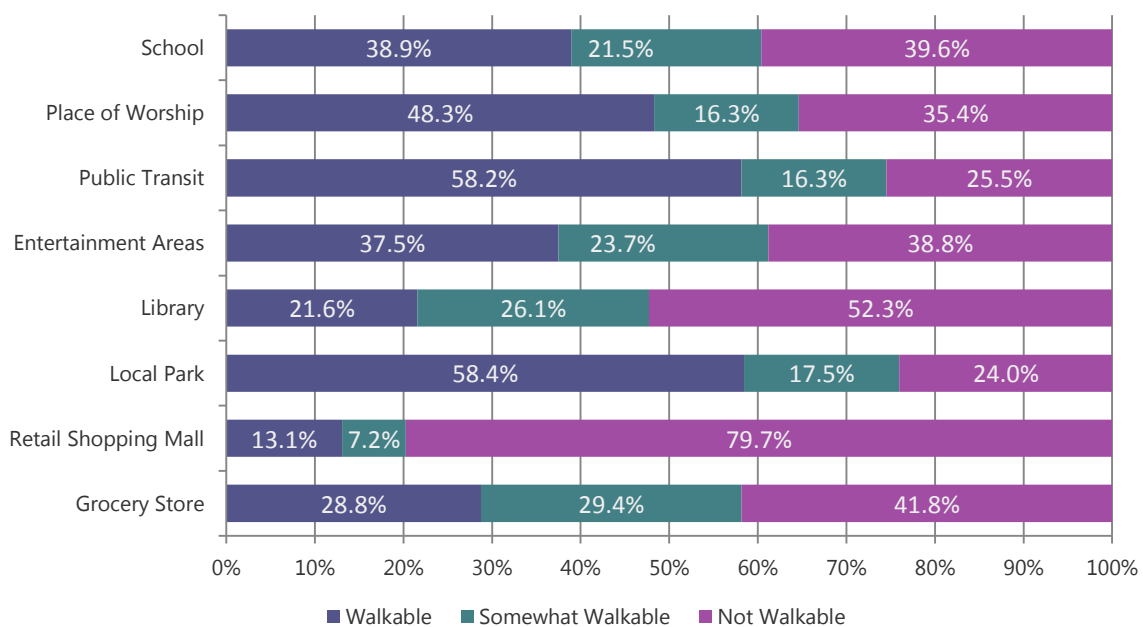
	City of Kansas City, Missouri	Missouri Suburbs	Kansas Suburbs	Missouri Rural Area	Kansas Rural Area
Cost of living	2.71	2.64	3.06	2.25	2.50
Appearance of the city	2.20	2.43	2.82	2.00	1.50
Sense of personal and property safety	1.89	1.86	2.88	1.50	2.00

High-quality, diverse housing stock	2.43	2.36	2.71	2.25	2.00
Availability of health care	2.73	3.08	3.18	2.50	2.00
Affordability of health care	1.91	2.23	2.35	2.00	2.00
Quality development, planning, and land use	1.63	1.79	2.24	2.25	2.00
Quality of air, water, and the environment	2.36	2.54	3.00	2.50	2.50
Broadband service and speed	2.33	2.71	3.35	3.00	1.50
Infrastructure quality	1.62	1.79	2.47	1.50	1.00
Commuting time/traffic flow	2.78	2.57	2.94	2.75	2.00
Airline service	2.89	2.93	2.94	2.75	2.50
Accessibility to sidewalks and biking paths	1.73	1.93	2.71	1.50	2.00
Availability of child care	2.09	2.58	3.00	3.50	2.00
Affordability of child care	1.81	2.27	2.89	2.50	2.00
Entertainment and recreation amenities	2.84	3.14	3.18	2.75	2.50
Cultural and arts facilities & programs	3.24	3.29	3.35	3.00	2.50
Shopping and dining opportunities	2.98	3.54	3.47	3.50	3.50
Availability of charitable assistance	2.52	3.08	3.00	2.50	2.50
Local levels of civic engagement (voting, volunteerism...)	2.24	2.79	2.88	2.75	2.00

**I visit Downtown Kansas City for the following reasons (select all that apply):**

	Response Percent
Dining options	69.3%
Visit a government building	66.7%
Go to plays, musicals or other arts events	64.1%
Sprint Center events	56.9%
Attend concerts	52.3%
Kauffman Center events	50.3%
Meet a client or customer	46.4%
I work Downtown	45.8%
Night life	43.8%
Convention, Trade Show, or Home Show	41.2%
Attend weddings, parties or special events	34.6%
Personal appointments	30.1%
Shopping	28.1%
I live Downtown	20.3%
Volunteer	19.6%
Visit family and friends	14.4%
I do not visit Downtown	7.2%
Attend place of worship	5.9%

**Please indicate which of the following destinations you are able to walk from your home:**



Please identify the following goods or services you frequently leave your community (within a 3 mile radius of your neighborhood) for:

	Response Percent
Health Care	54.2%
High End Shopping	54.2%
Artistic Performances	53.5%
Music Venues	47.9%
Everyday Necessities	41.5%
Fresh Produce and Vegetables	41.5%
Parks and Recreation	36.6%
Health Fitness Clubs	33.1%
Pubs	24.6%
Night Clubs	23.2%

Kansas City is an attractive and desirable place to live for "young professionals" (educated workers ages 25-39).

- Agree: 64.2 percent
- Disagree: 24.5 percent
- Don't know: 11.3 percent

What does Kansas City area need to do to attract and retain young professionals?

The following are the frequent answers provided to this question with the top responses listed first.

- Better public transportation (bike paths/light rail/etc.)
- Reestablish school system
- Create quality job opportunities
- Improve crime/poverty
- Downtown redevelopment
- Affordable downtown housing
- Walkable neighborhoods
- Improve KC reputation
- More amenities and nightlife
- Invest in arts and culture
- More grocery stores downtown
- Affordability

I would recommend the following Greater Kansas City communities to young professionals looking for a place to live in the region:

	Response Percent
KCMO - Riverfront-Downtown-Plaza-Brookside-Waldo Corridor (Generally 4th C. District)	81.7%
KCMO - Northland (Generally 1st and 2nd Council Districts)	35.3%
Johnson County	34.0%
Northland Outside KCMO (NKC, Gladstone, Liberty, Riverside, etc)	28.8%
KCMO - South (Generally 6th Council District)	14.4%
KCMO - Eastside (Generally 3rd and 5th Council Districts)	13.1%
Eastern Jackson County	11.1%
Wyandotte County	5.2%

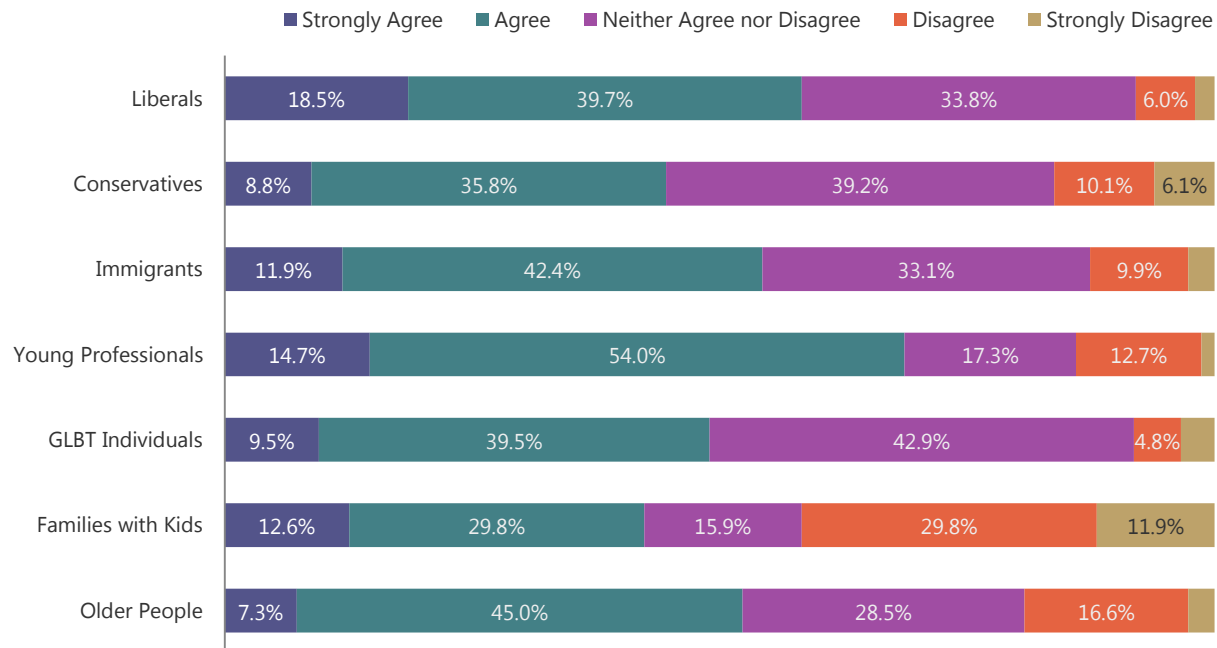
Please indicate how welcome you feel in the Kansas City community:

- Very welcome: 33.1 percent
- Welcome: 47.7 percent
- Somewhat welcome: 15.2 percent
- Not welcome at all: 4.0 percent

Why do you feel this way? Selected responses:

- Everyone is so friendly here!
- Kansas City is a great place to live because the people here are unique and the sense of community strong.
- People in Kansas City are very friendly. However, many "young professionals" seem to spend a lot of money going to charitable events, which I can't afford yet. I still feel I'm on the outside.
- In less than a year of living here I have made numerous high quality friendships and started volunteering with local organizations. The community is much more engaged here than in my last place or residence.
- Friendly place. I came back from the East coast because I missed the warmth of the people here.

How strongly do you agree with the following statement? The City of Kansas City, Missouri is a good place for:



Do you feel that your voice is heard in the local political process?

- Yes: 54.7 percent
- No: 45.3 percent

Why do you feel this way?

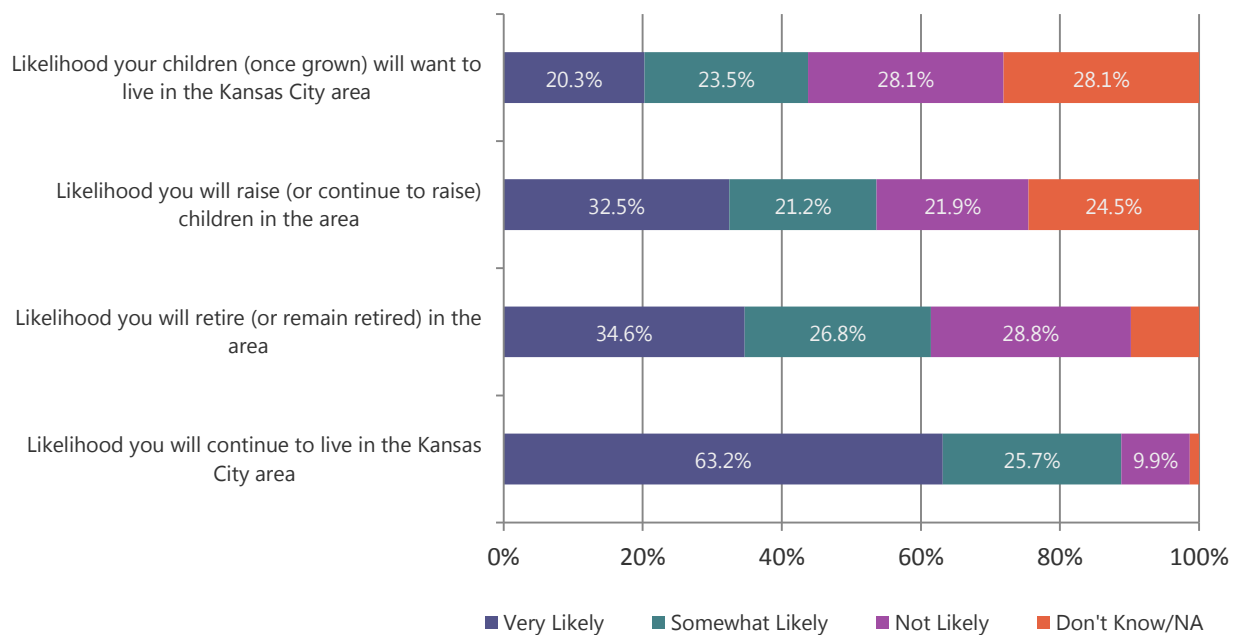
- The current City Council listens.
- Not really speaking for myself as much as small business people in general. I feel KC is driven too much by the parochial nature of its political machine. I have been involved in all kinds of civic and volunteer activities and it is always more difficult and more politically (back-room politics), driven than it should be for people who want to make a difference to do so.
- With the election of Mayor Sly James I feel like my voice will be heard. I also feel the city does a reasonably good job of reaching out to people for their input on projects
- City Council and County Commission respond to calls and take sincere testimony at public meetings.
- I wish more people participated and understood how much they can impact.
- Each District operating as a "silo", no real cohesiveness and direction from political arena.

**If you could make one recommendation for strengthening the effectiveness of your community's leadership (within the public or private sector), what would it be?**

The following are the frequent answers provided to this question with the top responses listed first.

- Implement what's best for the citizens rather than personal interest
- Be proactive
- Support neighborhood leadership
- Make the government ethical and accountable
- Strengthen schools/get accreditation back
- More employee involvement
- Have an actual development plan and put it into action
- take risks/be creative
- Get department supervisors out of city hall
- Unity of states and counties
- Confront the racism issue
- Be knowledgeable in the political process
- Focus on downtown development
- Reduce crime
- Get quality people working for the city

**Is your family likely to stay in the Kansas City area? Please rate the following statements:**





(Cross-tabbed by place of residence)

	City of Kansas City, Missouri	Missouri Suburbs	Kansas Suburbs	Missouri Rural Area	Kansas Rural Area
<i>Likelihood you will continue to live in the Kansas City area</i>					
Very Likely	57%	77%	82%	75%	100%
Somewhat Likely	29%	15%	12%	25%	0%
Not Likely	12%	8%	6%	0%	0%
Don't Know/NA	2%	0%	0%	0%	0%
<i>Likelihood you will retire (or remain retired) in the area</i>					
Very Likely	28%	62%	47%	25%	50%
Somewhat Likely	26%	8%	41%	50%	0%
Not Likely	34%	23%	12%	25%	50%
Don't Know/NA	11%	8%	0%	0%	0%
<i>Likelihood you will raise (or continue...) children in the area</i>					
Very Likely	28%	38%	47%	50%	50%
Somewhat Likely	21%	31%	12%	0%	50%
Not Likely	26%	8%	6%	25%	0%
Don't Know/NA	26%	23%	35%	25%	0%
<i>Likelihood your children (once grown) will want to live in the Kansas City area</i>					
Very Likely	19%	15%	29%	50%	0%
Somewhat Likely	21%	31%	18%	25%	50%
Not Likely	29%	31%	29%	25%	50%
Don't Know/NA	31%	23%	24%	0%	0%

Eighty-eight respondents indicated they would likely not stay in the region. Of those, 77 reside in the City of Kansas City. Top answers from those who said they will not stay in the community:

- Jobs in other cities
- School system
- Better life in other cities
- Need culture/amenities
- Too violent/crime ridden
- No transportation/too suburbanized/no development
- No sense of community
- Hard to live here as a small business owner
- Will move to be with children in other cities
- Want a change

How much do you agree or disagree with the following statement (1=Strongly Disagree, 5=Strongly Agree):

	Rating Average
A great metro area requires a strong and healthy central city.	4.52
I am proud to tell people in other parts of the country that I live in the Greater Kansas City area.	3.91
The City of Kansas City, Missouri is a better place today than it was 10 years ago.	3.52
I enjoy living in the City of Kansas City, Missouri, but I might be forced to move elsewhere because of the schools.	3.5
The City of Kansas City, Missouri is headed in the right direction.	3.26
Having a metro area that spans both sides of the state line is good for economic development.	3.04
The City of Kansas City, Missouri has a business-friendly climate.	3.02
Using economic development incentives to attract metro-area businesses from one side of the state line to the other is a prudent and sustainable strategy.	2.03

Please provide any final thoughts on the AdvanceKC process or the future of the Kansas City area. (Select responses).

- I'm very excited to be a part of Kansas City right now. There is a ton of potential here and I hope that here in the coming decades Kansas City will really fulfill it.
- We must continue to develop and encourage new business growth and tourism in KC.
- Stop the border wars. Continually focus on expanding transit options. Attract business and people to the core.
- City Pride and City Unity- Create a sense of KC 1st rather than KS or MO first.
- Schools and public transit are an important investment to allow for young professionals and young families to move to and stay in the urban core.
- Above all else we need to strengthen the urban core and focus on walkable neighborhoods with vibrant small businesses.
- I dream of a Kansas City that is filled with a "can do" spirit, where positive change is palpable and the excitement is contagious.

## APPENDIX C: TARGETED STAKEHOLDER SURVEY

This survey was sent to every stakeholder who participated in a focus group associated with the AdvanceKC process. Thirty-nine people responded to this survey. A bit about the respondents:

- 82.1 percent live in the City of Kansas City, 10.3 percent live in the Missouri suburbs, and 7.7 percent live in the Kansas suburbs;
- 92.3 percent are employed, 7.7 percent are self-employed, and none reported being unemployed;
- 39.5 percent have been at their current place of employment for more than ten years; 13.2 percent between six and ten years, 15.8 percent between four and five years; 15.8 percent between one and three years, and 15.8 percent for less than one year;
- The highest proportions of respondents work in the government, not-for-profit, real estate, telecommunications, and professional and technical service sectors, although there was respondent representation in most subsectors;
- Respondent firms largely have a local or regional service area with fewer than 25 percent of respondents indicating a national or global service area; and
- 36.8 percent of respondents serve as C-level executives, presidents, or vice presidents of their firms, 26.3 percent serve as managers or department heads, 26.3 percent hold staff positions, 7.9 percent are small business owners or entrepreneurs, and 2.7 percent are equity partners.

### "BIG PICTURE" QUESTIONS

**In your opinion, what is the area's greatest overall strength?**

- Large City Opportunity, Local Community Concern
- Location, affordability, amenities, people
- We are a very affordable place to live with surprisingly easy access to a wide variety of high quality leisure time activities, including a broad range of arts, sports (both spectator and participatory), entertainment, food, shopping, and just relaxing. If you're bored in Kansas City, it's either because you want to be, or you're not trying hard enough. There's plenty of opportunities here to do and enjoy just about everything you could ask for (except deep sea fishing). The affordable and high quality of life here is outstanding.
- Quality of life to live, raise a family, and grow a business
- Overall diversity and quality of life
- Location in the middle of the country with the ability to accommodate any size of business or activity
- Livability - the cost of living is low, the attributes are phenomenal. Major league sports, major league visual and performing arts
- People in high places are accessible
- Midwest location, low costs of living, highway/interstate system

**In your opinion, what is the biggest challenge facing the Kansas City economy?**

- Disadvantaged neighborhoods
- Need for jobs, better education system
- Small town attitude, need to broaden our net of opportunity
- The triple barriers to individual personal success and well-being of poverty, crime and poor education are extremely high in some parts of the city, and that is clearly to me our largest negative factor...the more that we can do to reduce these burdens, the better off Kansas City residents will be on the whole in the long term.
- Fixing the KC MO School District
- Poor city services, poor performing/unaccredited school district, high violent crime rate, poor local media - especially newspaper, social/racial and economic fragmentation, no local/regionally well connected public transit system
- Failure to keep and attract youth after graduation from college
- Lack of collaboration amongst local governmental communities and civic leadership and local government
- Net loss of economic revenues due to incentives offered on both sides of the state line to lure companies
- Crime in the urban core
- Keeping up with aging infrastructure - tired roads, shuttered buildings, etc. and the quality of the urban school district
- Depopulation of the city with related issues of housing vacancies and deterioration of housing, neighborhoods and neighborhood institutions. Root causes of depopulation are the perception of poor schools, violence, poor housing investment.
- Lack of coordinated & efficient development and business assistance process
- Schools, infrastructure issues (water/sewer)
- No cooperation between the two states, just lip service to regionalism

**If you were the mayor, what types of policies or programs would you initiate in order to improve the local economy?**

- Targeted approach in certain neighborhoods and industries
- Marketing to the surrounding states as a destination; make City easy to do business; work harder as a community to promote the positives of our City
- Rather than focus on what we don't have (like a big convention hotel), or luring large companies or developments with big amounts of public funding or tax breaks, I would celebrate and make the most of what we do have...a great place to live with lots of opportunities and possibilities. We need to promote our successes more, build a higher share of the leisure travel market, encourage small businesses to stay by making sure the city is as responsive as it can be to their needs, and keep us working together to invest in a stronger future for everybody

- Aid is stirring the civic and corporate resources for an early education program for at risk children followed into early years of education
- Focus on improving overall organizational management of city government and quality of services performed by city employees, prioritize funding/spending on basic services (infrastructure, safety, green/park space, etc.), increasing the role/position of Kansas City, Missouri as the focus and economic center of the region
- Creative and unbiased programs and policies that allow sustainable growth in all areas. Provide opportunities for small business and entrepreneurial participation in the economic growth. Some of the not-for- profits are engaged in incubator programs with significant demands for assistance. Find ways to attract businesses to KC and offer incentives to keep them and challenge them to grow. Particularly focus on businesses that are in high tech product
- Provide hassle free TIF for individual projects in the urban core
- Address all barriers or friction points for business working with city government; Place EDC as the primary organization to drive job creation for both existing businesses and recruiting new businesses. Promote safety, education and job creation as a primary focus
- Targeted incentives to retain businesses in Kansas City
- Immediate, broad and effective policies to obtain and transfer ownership of abandoned housing to urban homesteaders in targeted neighborhoods that have potential for sustained transformation, coupled with real transformation of school district. Sustained communication of and support of existing quality education opportunities in the city - public, charter, parochial and private. Effective and sustained violence and crime reduction
- Fix the school district. Level business incentives on both sides of the state line. Improve customer service attitude and skills in city employees. Support KCBizCare in its efforts to streamline business needs throughout city government. Strong emphasis on exporting and international business. Intensive and focused business retention/assistance program for existing industries and companies

**Please share with us a phrase, quote, or slogan that might appropriately describe the desired future of the City of Kansas City:**

- I love the Creative Crossroads marketing strategy. It nails it.
- Kansas City is driven by creativity. Authentic, innovative and inviting, Kansas City is a thriving national hub for arts and culture. Sparked by ingenuity and creativity that spans multiple generations, sectors and industries, Kansas City is America's Creative Crossroads
- America's Most Entrepreneurial City
- Kansas City, Portal to the world, Destination for entrepreneurs

**Please share your vision for the future of the Kansas City area. Imagine if you were to leave the community and not return for ten years. What would you like to see different about the community, if anything?**

- Light rail/streetcar from the River to UMKC.

- I'd like to see the streets downtown bustling with more activity and life, with more visitors from out of town, and more residents living downtown. I'd like to see the vision of the UMKC Conservatory of Music & Dance moving downtown come to life, and thousands of people from all parts of life regularly going to the Kauffman Center for the Performing Arts. I'd like to see blighted neighborhoods continue to be rolled back by all the positive, new investment, as a teeming, seamless arts district with a hopping street life runs all the way along 18th Street from the Crossroads to the American Jazz Museum, as people would again gather to hear music long into the evening in various venues sprinkled throughout downtown. Public transportation would be convenient, affordable and well-used, and people would feel safe and welcome wherever they went.
- High performing school district, improved social and economic equity, more efficient and stronger city government, increased green/park space in the urban core, some sort of public transit system (rail) running through the urban core, plans for a baseball park downtown.
- Modern city with state of the art transportation, high technology businesses, urban and downtown thriving with small, medium and large business and a economy that is compatible with others.
- Community focus around entrepreneurship, creativity and opportunity for all Kansas Citians.
- Economic development throughout the City including east of Troost and a very strong education system for everyone from pre-school through college.
- I would like Kansas City to have a vibrant downtown, brisk convention and tourism business, excellent schools, no crime, more public transportation and trails, great race relations, a variety of well-paying jobs and thriving arts community.
- An updated modern airport - with rail access into downtown, crown center, plaza areas.
- Strong school district. Removal of blight areas and reduction of crime rates along 71 corridor. Lots of entrepreneurial activity including more bank, angel and venture funding.

## "PROSPERITY" QUESTIONS

Please rate the following components of the small business and entrepreneurial climate in the Kansas City area. If you are unsure of your answer, please select "Don't Know." (0=lowest, 4=highest):

	Rating Average
Networking opportunities with other entrepreneurs	3.05
Business incubation or low-cost business space	2.53
Small business start-up and development assistance	2.00
Availability of capital	1.59
Responsiveness of economic development agencies to small business needs	1.58
Responsiveness of my county and/or municipal governments to small business needs	1.55
Ease and speed of permit review processes	1.05

Please rate the following statements according to the degree to which you agree (0=lowest, 4=highest):

	Rating Average
My business will remain in Kansas City in the long-term.	3.52
Labor costs are reasonable.	3.00
The cost of commercial/industrial space is reasonable.	2.90
The cost of utilities is reasonable.	2.76
I have no trouble finding quality employees for my business.	2.71
My business receives the support it needs to grow.	2.14

If you needed assistance finding or training workers for your business, please rate the level of service you would expect to find from the following entities or organizations in regards to helping you to meet your workforce needs. (0=lowest, 4=highest)

- Greater Kansas City Chamber: 2.25
- Career centers: 2.42
- County and municipal governments: 1.94
- Full Employment Council: 1.93
- PREP-KC: 2.67
- Regional higher education institutions: 2.95
- Workforce Partnership: 2.86

Please rate the following elements of Kansas City's infrastructure. If you are unsure of your answer, please select "Don't Know." (0=lowest, 4=highest)

	Rating Average
Freight rail capacity	3.71
Airport cargo capacity	3.47
Road and highway capacity serving developed areas	3.29
High-speed telecommunications	3.29
Road and highway capacity serving undeveloped areas	3.00
Industrial sites and buildings	2.93
Electricity affordability and reliability	2.90
Class A office space	2.89
Air quality and remediation costs	2.56
River cargo capacity	2.18
Water and sewer reliability	1.90
Public transit	1.24

Please rate how you think the City of Kansas City, Missouri compares to other communities on the MISSOURI SIDE and the KANSAS SIDE of the KC metro area (0=lowest, 4=highest):

	Kansas Side	Missouri Side
Ability to attract employees from other parts of the metro area	1.39	1.84
Availability of various economic development incentives	0.71	2.00
Access to capital	1.64	2.06
Cost of doing business	2.00	2.05
Ease of working with local government for permits, licenses, etc.	0.71	1.00
Overall business climate	1.47	1.79
Quality of K-12 schools	0.22	0.50
Quality of life for employees	2.06	2.68
Quality of workforce	2.06	2.47
Regulatory environment	1.25	1.75
Reliable transportation network	2.56	2.35

Do you have significant experience with the business climate and/or economic development policies of any other major American city or cities?

- Yes: 56.6 percent
- No: 44.4 percent

You indicated that you have significant experience with the business climate and/or economic development policies of other major American cities. About which city (besides Kansas City) do you know the most regarding business climate and/or economic development policies?

- Chicago, Minneapolis
- Los Angeles, Houston, Miami, Chicago
- St. Louis
- 20 offices around the country
- New York City
- Chicago
- Multiple



Please rate how you think the City of Kansas City, Missouri compares to this other city (0=lowest, 4=highest):

	Rating Average
Ability to attract employees from other parts of the country	1.14
Availability of various economic development incentives	1.50
Access to capital	1.50
Cost of doing business	2.83
Cost of living	3.14
Ease of working with local government for permits, licenses, etc.	1.83
Overall business climate	1.71
Quality of nearby colleges and universities	1.71
Quality of K-12 schools	1.00
Quality of life for employees	2.57
Quality of workforce	2.29
Regulatory environment	2.00
Reliable transportation network	1.14

Does your current company/organization have operations in the city?

Fifty percent of respondents answered yes, fifty percent answered no.

Please rate the following 20 aspects of the Kansas City area's quality of life, based on your experiences where you live (0=lowest, 4=highest):

	Rating Average		Rating Average
Cultural and arts facilities & programs	3.42	Availability of charitable assistance	2.93
Commuting time/traffic flow	3.37	Local levels of civic engagement	2.89
High-quality, diverse housing stock	3.37	Quality of air, water, and the environment	2.78
Cost of living	3.32	Sense of personal and property safety	2.53
Availability of health care	3.22	Availability of child care	2.50
Entertainment/recreation amenities	3.21	Airline service	2.47
Shopping and dining opportunities	3.16	Affordability of child care	2.18
Appearance of the city	2.95	Accessibility to sidewalks and biking paths	2.16
Broadband service and speed	2.95	Infrastructure quality	2.12
Affordability of health care	2.94	Quality development, planning, land use	1.89

**What do you consider the City of Kansas City's top assets to be in terms of attracting new or relocating businesses?**

- Cultural amenities
- Central Location
- Cost of living, quality of life
- High quality workforce, great neighborhoods, high quality of life
- Central location, cost of living for employees, strong regional workforce, # of data centers
- Availability of space and location
- Cost of living and productive well educated workforce
- Family values
- Business costs

**What do you consider the City of Kansas City's top assets to be in terms of attracting young professionals from other parts of the country?**

- Google
- Urban center is improving
- Affordable and excellent quality of life
- Low cost of living, accessibility
- Higher education opportunities
- Aesthetic beauty of the urban core and the cultural amenities
- Family oriented community

**What do you consider the City of Kansas City's top assets to be in terms of retaining and expanding existing businesses?**

- Educated workforce
- Location and transportation
- Affordability
- Cultural, dining and entertainment options
- Family values
- Work ethic
- Business costs
- Cost of living
- Access to transportation

**What do you consider the City of Kansas City's top assets to be in terms of developing small businesses and entrepreneurs?**

- Welcoming atmosphere for entrepreneurs, lots of opportunities
- Low startup costs, low cost of living
- Kauffman Center is an asset
- The arts community and the diversity of the existing small business world
- Bloch School
- Network of entrepreneurs
- KCSOURCELINK

**What do you consider the City of Kansas City's top assets to be in terms of developing a strong workforce and talent pipeline?**

- UMKC, Rockhurst
- Great opportunities for quality higher education
- Higher education
- State Colleges
- Cultural, dining and entertainment options
- Family values
- Secondary education system / UMKC

**What do you consider the City of Kansas City's top challenges, weaknesses, and deficiencies in terms of attracting new or relocating businesses?**

- Promotion of KC assets compared to other major cities
- Hard to do business, attitudes
- Relatively unknown, not much awareness of what's available here
- Poor performing/unaccredited school district, poor city services, earnings tax, fragmented local authority, un-diverse local market
- Education, housing, crime
- Kansas incentives
- Perceived isolation
- Quality of higher education institutions
- Availability of suitable high quality real estate

**What do you consider the City of Kansas City's top challenges, weaknesses, and deficiencies in terms of attracting young professionals from other parts of the country?**

- Unaware of KC
- Education system for children of young families
- Community seems negative
- Earnings tax, small job market, lack of diversity
- Competitive businesses in high tech industries
- Adequate capital for business development
- Perception as "cow town"
- Public transit

**What do you consider the City of Kansas City's top challenges, weaknesses, and deficiencies in terms of retaining and expanding existing businesses?**

- Kansas incentives
- Tax incentives offered by other localities
- Lack of investment in infrastructure
- Stop the loss of businesses to Kansas
- Adequate capital for business startup and expansion
- Poaching by Kansas

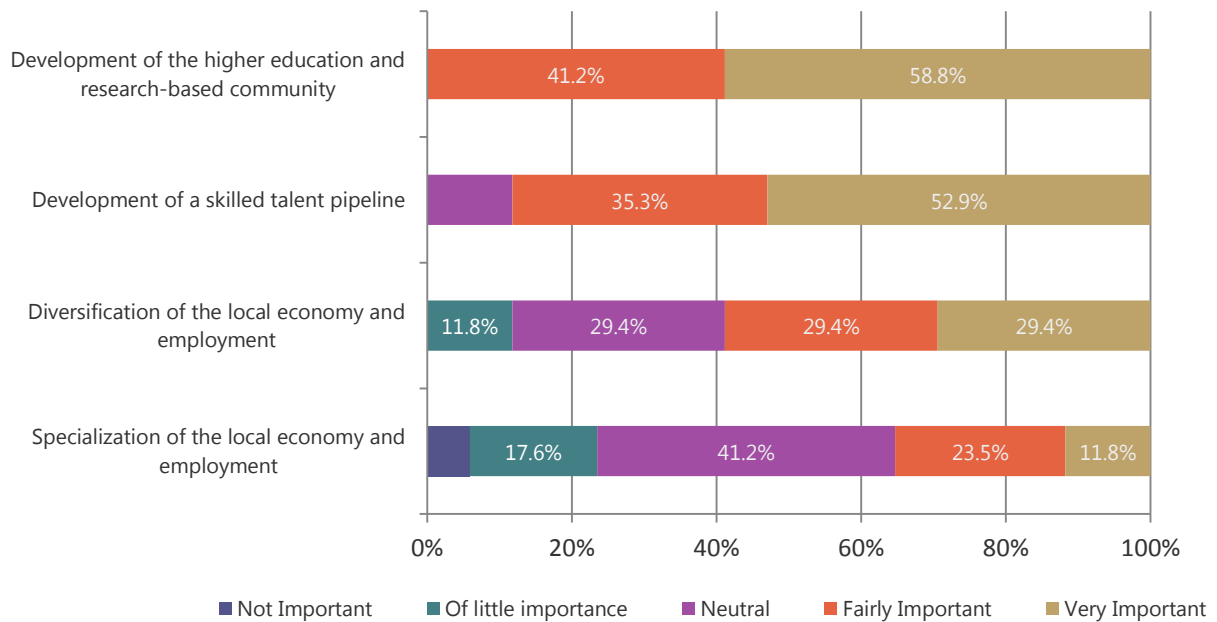
**What do you consider the City of Kansas City's top challenges, weaknesses, and deficiencies in terms of developing small businesses and entrepreneurs?**

- No investment tax credits
- Availability of venture capital
- Lack of first tier research university
- Reducing obstacles and processing time to get business started
- Adequate capital for business startup and expansion
- Recruiting high quality workforce

**What do you consider the City of Kansas City's top challenges, weaknesses, and deficiencies in terms of developing a strong workforce and talent pipeline?**

- KCMO school district
- Poor performing/unaccredited school district, lack of first tier university
- Maintain and or increase availability of educational assistance
- Primary education system
- Connection between public education system and business community

Based on your personal experience and opinion, please rank the following according to their importance for the future target industry identification and development in the City of Kansas City:



What do you feel is the **GREATEST STRENGTH** of the local workforce?

- Midwest work ethic
- Great work ethic and support of those in need within the community
- Highly educated professional
- Productivity
- The average education level is fairly high.
- Adaptability, hard working

What do you think is the **GREATEST WEAKNESS** of the local workforce?

- Quality K-12 education.
- Education and training to connect to local job market and adequate job availability
- Not enough technical training for future growth sectors
- Lack of sustained training opportunities for manual labor and the educational system is a significant concern.
- STEM development in k-12
- Products of poor school system. Some of the best and brightest college graduates don't want to come to Kansas City

How much do you agree or disagree with the following statements (1=Strongly Disagree, 5=Strongly Agree):

	Rating Average
A great metro area requires a strong and healthy central city.	4.72
I am proud to tell people in other parts of the country that I live in Greater Kansas City.	4.39
The KCMO is a better place today than it was 10 years ago.	3.94
Kansas City is an attractive and desirable place to live for "young professionals."	3.72
The KCMO headed in the right direction.	3.61
I enjoy living in the KCMO but I might be forced to move elsewhere because of the schools.	2.82
The KCMO has a business-friendly climate.	2.78
Having a metro that spans both sides of the state line is good for economic development.	2.61
Using incentives to attract metro-area businesses from one side of the state line to the other is a prudent and sustainable economic development strategy.	1.39